

# Federal Health Reform: What it is and why it is important to public health!



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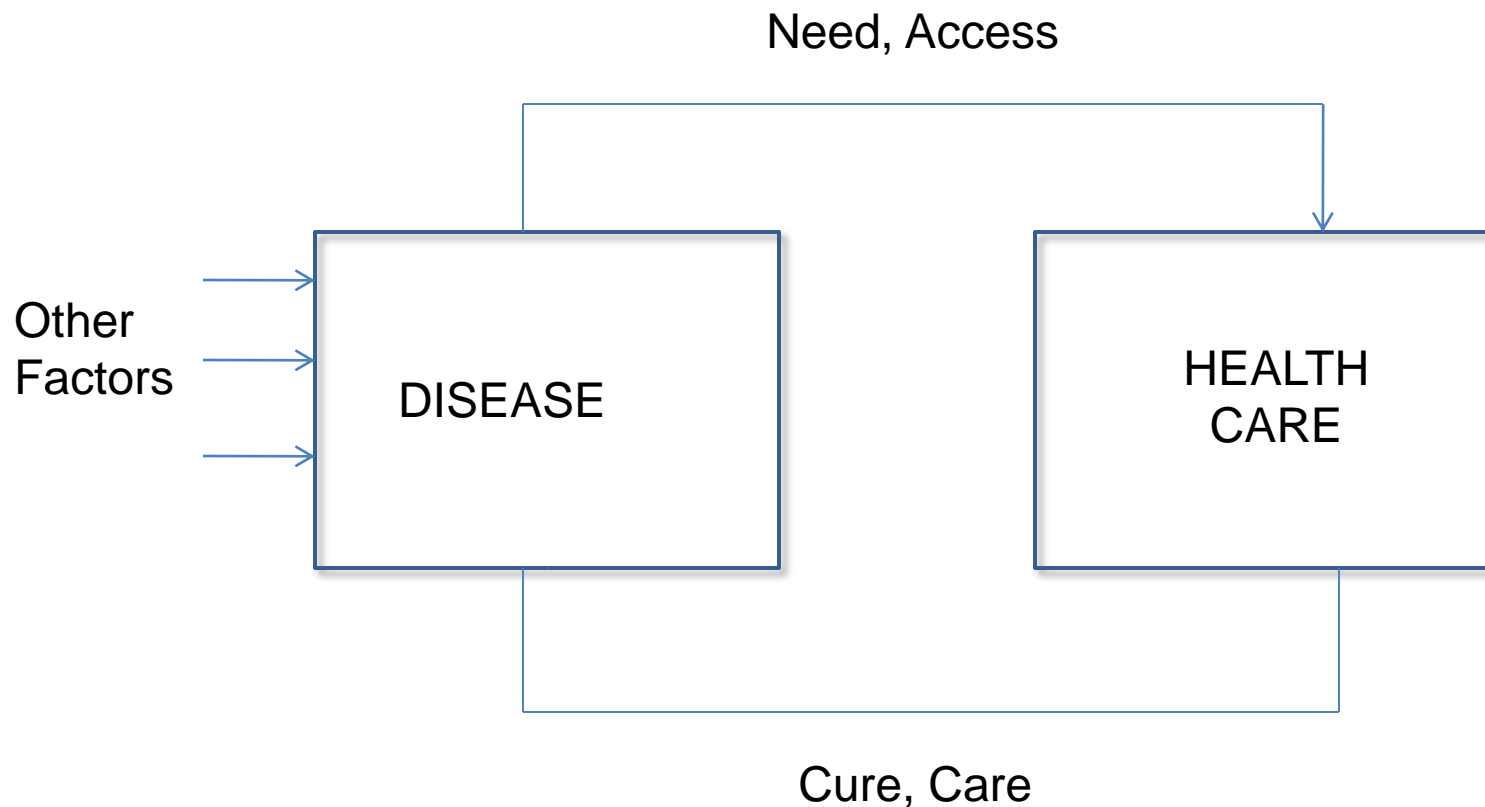
# Objectives of this conference

- Evaluate a vaccine delivery process and identify gaps when compared to current evidence based practice
- Implement change to provide the best standard of care that will offer optimal protection from disease
- Assess current practice for compliance with recommended immunization schedules
- Implement education and processes to improve the health care worker immunization rate in their organization
- Refute false vaccine studies and find creditable vaccine information
- Describe how missing a single vaccine can change a life

# So why federal health reform?

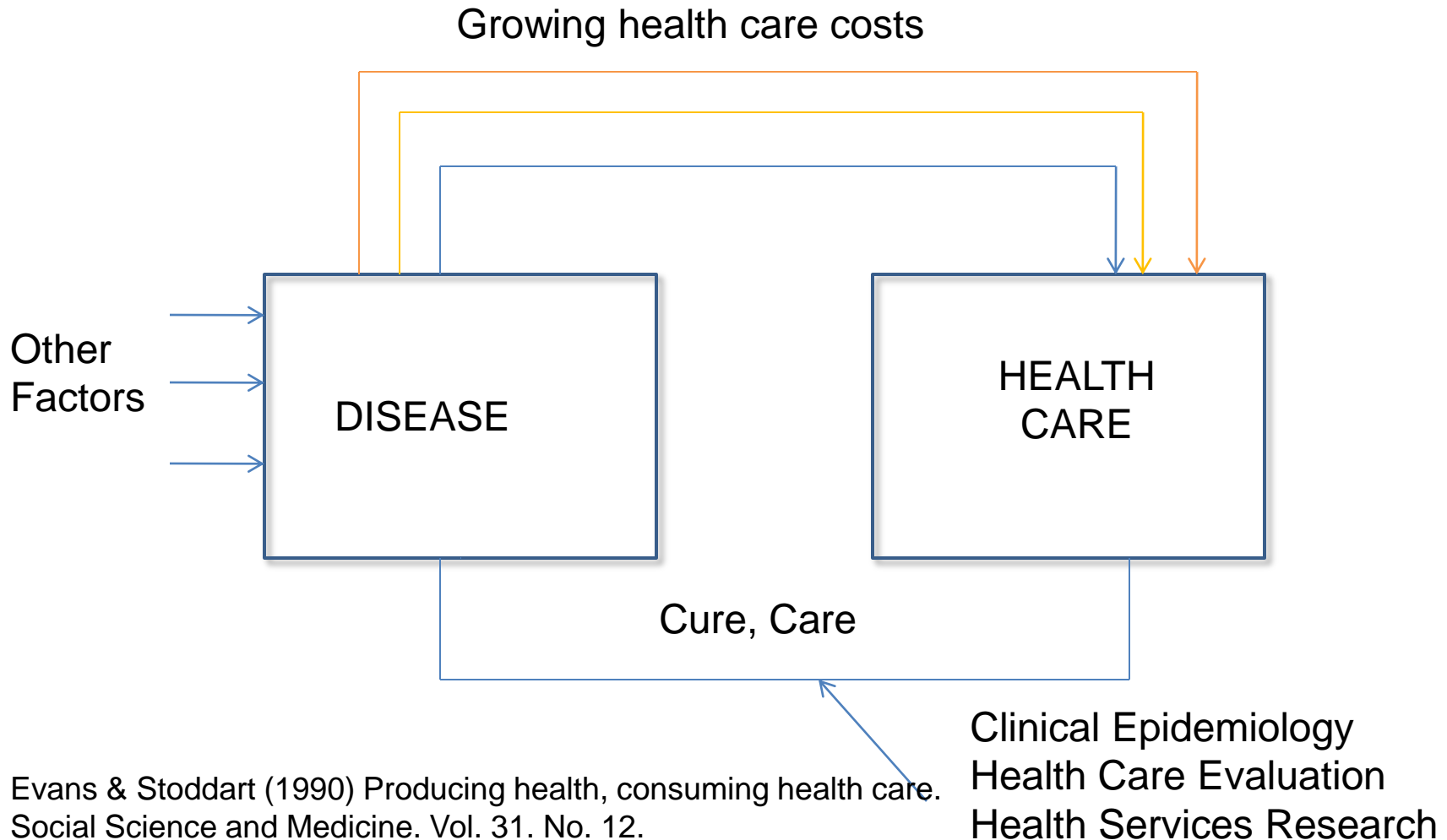


# Disease and Health Care: A (too) Simple Foundation

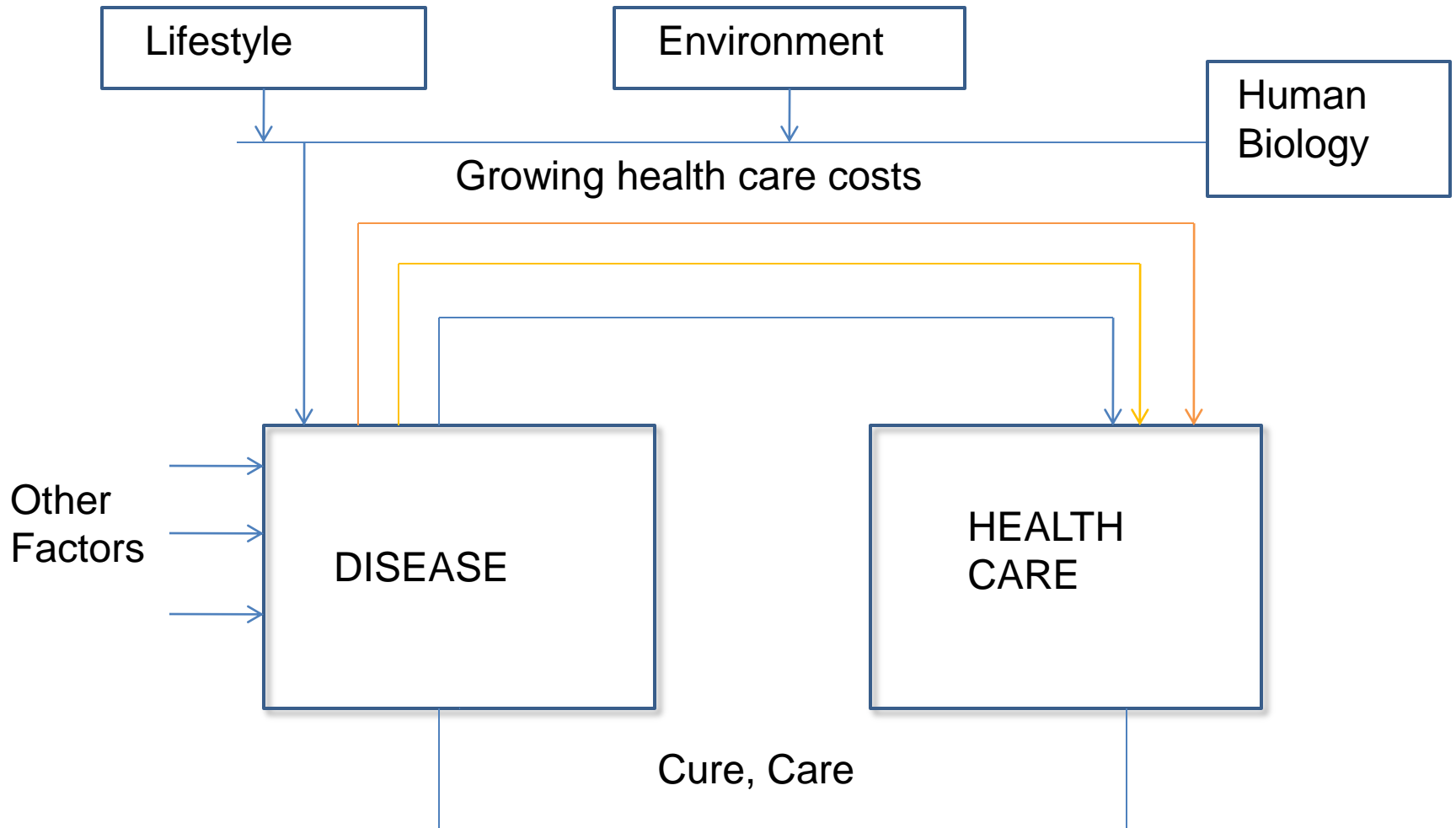


Evans & Stoddart (1990) Producing health, consuming health care. Social Science and Medicine. Vol. 31. No. 12.

# Concerns about value of health care



# Health Field Concept: A New Perspective



Evans & Stoddart (1990) Producing health, consuming health care.  
Social Science and Medicine. Vol. 31. No. 12.

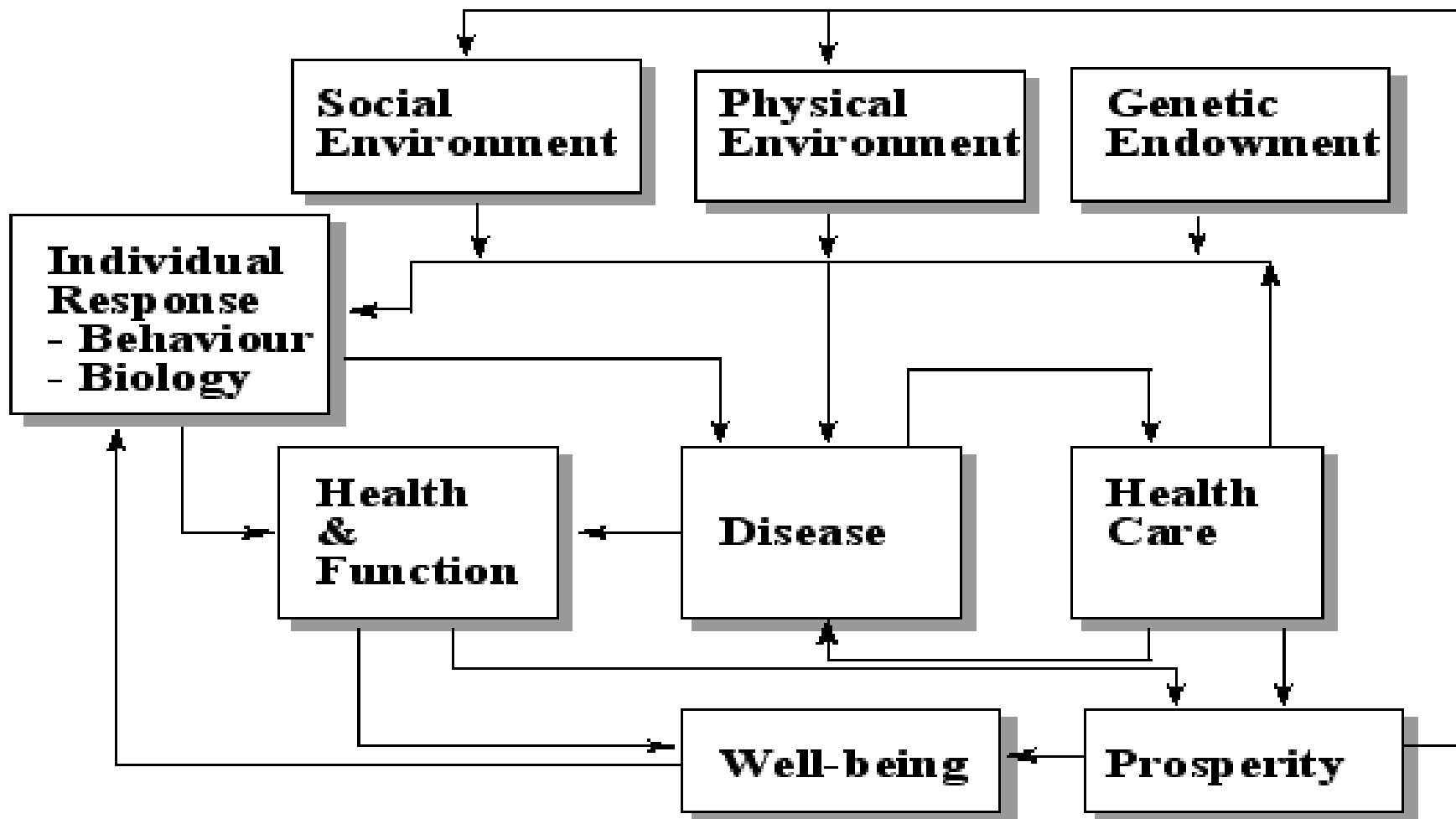
Clinical Epidemiology  
Health Care Evaluation  
Health Services Research

# Healthy People 2020



“The conditions in which people live determines, in part, why some Americans are healthier than others and why Americans are generally not as healthy as they could be....*Integrating health policy efforts with those related to education, housing, business, transportation, agriculture, media, and other areas outside of the health sector will ultimately improve the health, safety, and prosperity of the Nation.*”

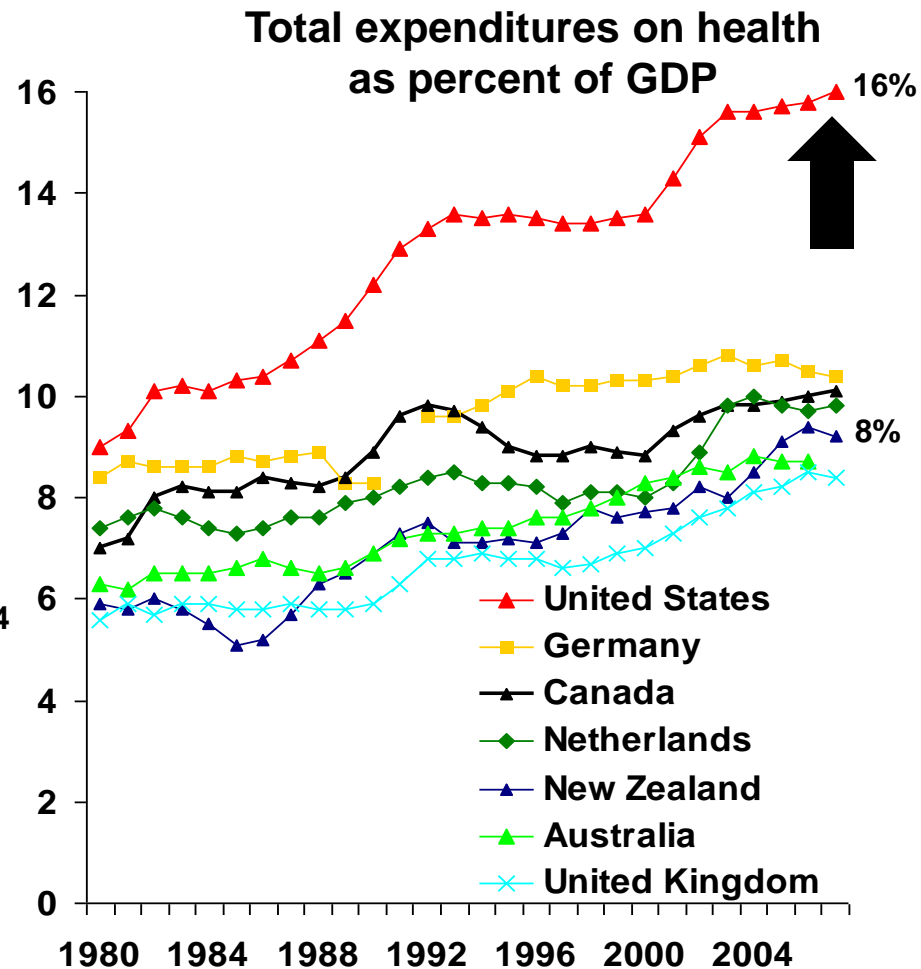
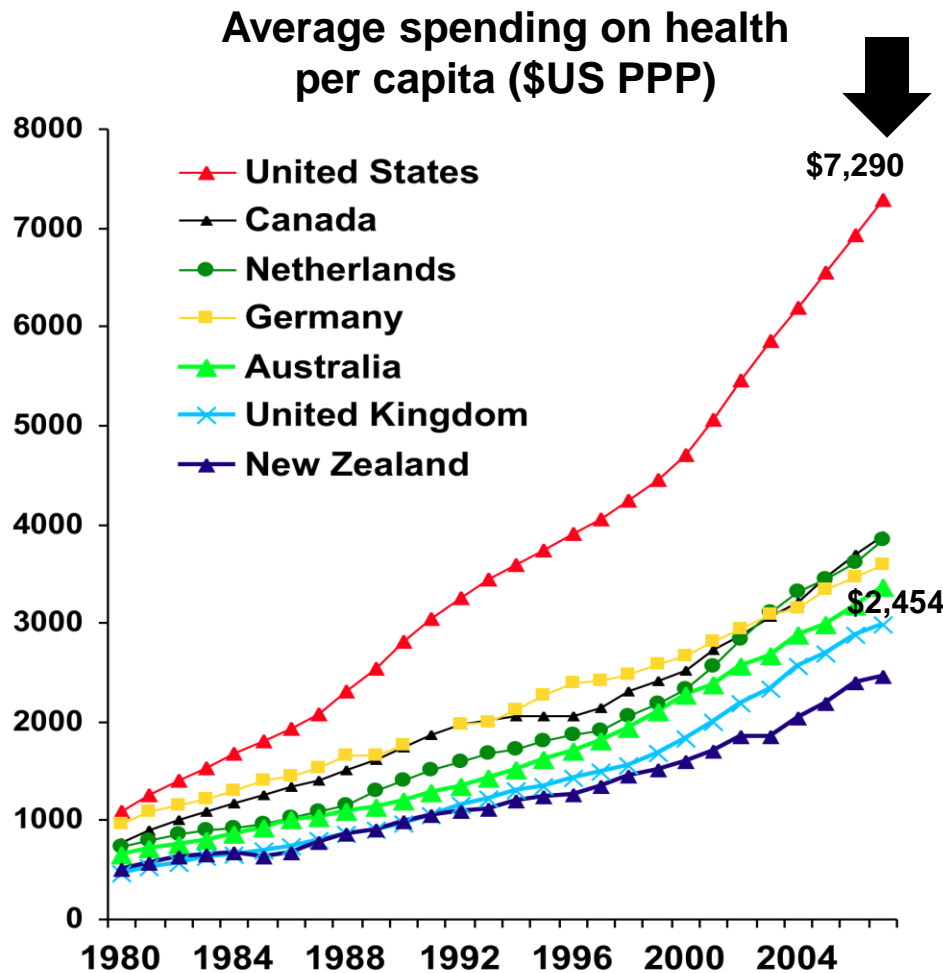
## Extending the Framework



# Federal health reform: Answering the Five Ws

Starting with, “Why?”

# We spend too much as a nation

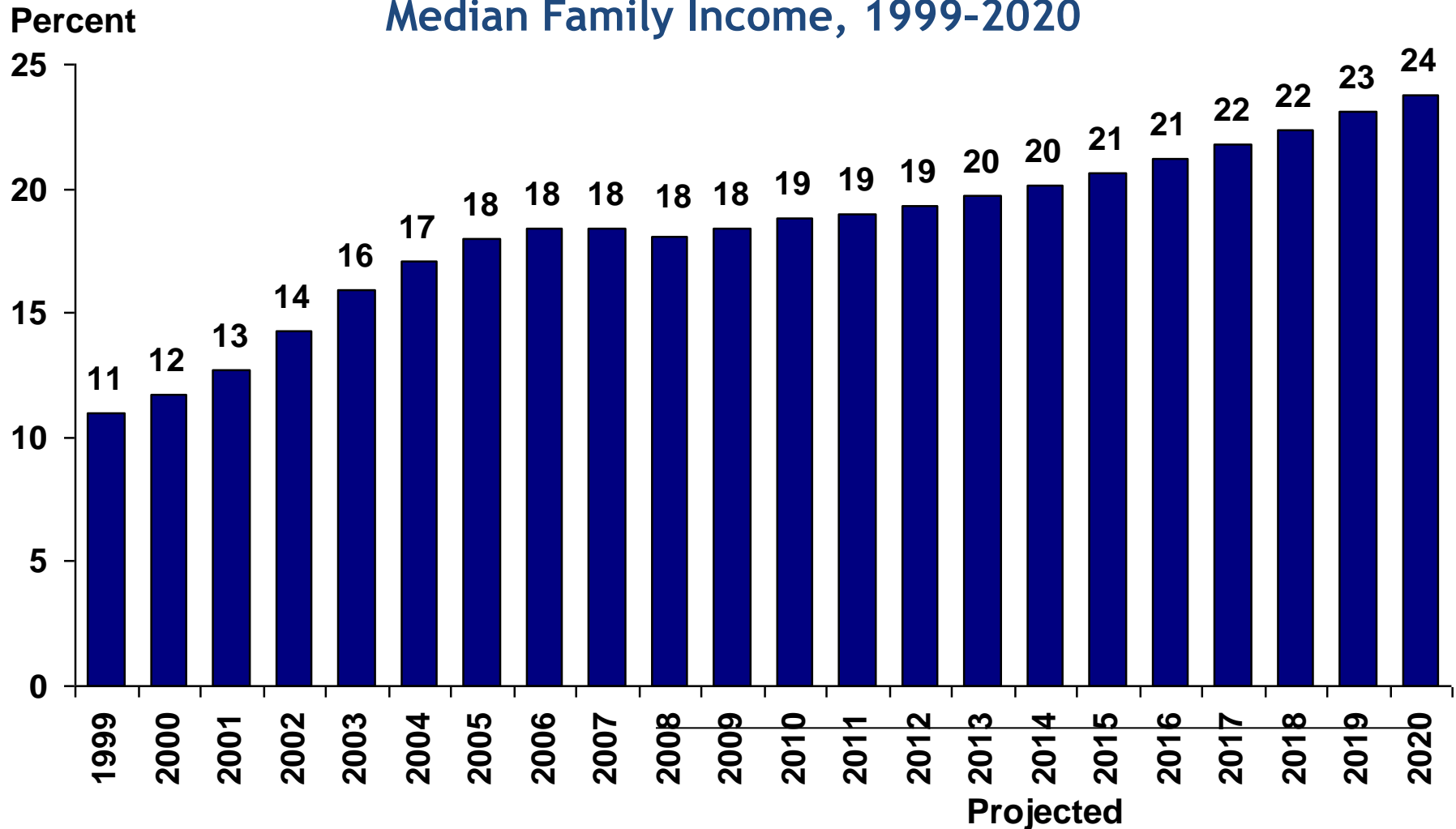


Note: \$US PPP = purchasing power parity.

Source: Organization for Economic Cooperation and Development, *OECD Health Data, 2009* (Paris: OECD, Nov. 2009).

# As families:

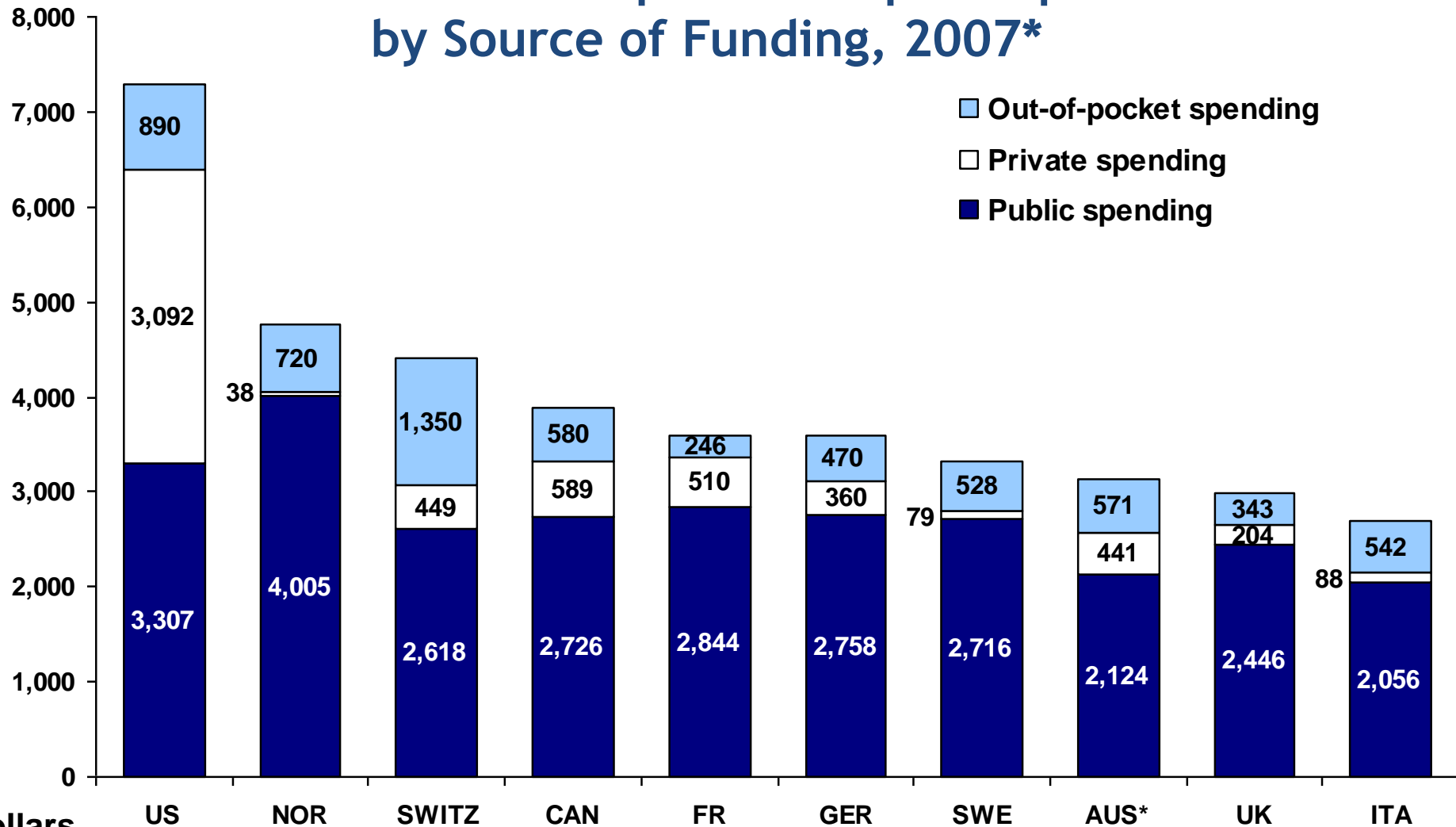
## Average Family Premium as a Percentage of Median Family Income, 1999-2020



Data: Commonwealth Fund calculations based on Kaiser/HRET, 1999-2008; 2008 MEPS-IC; U.S. Census Bureau, Current Population Survey; Congressional Budget Office.

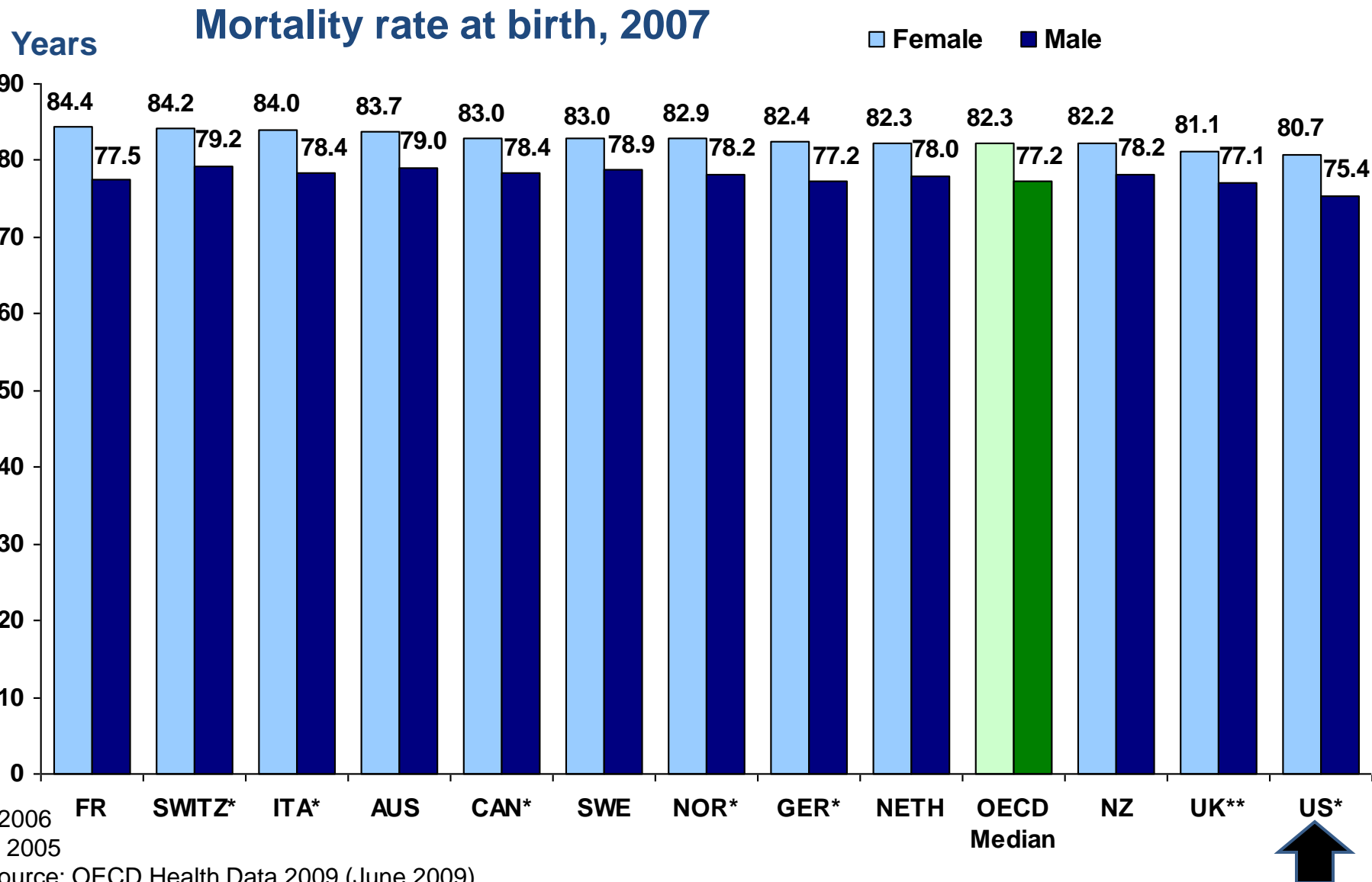
# In the Private and Public Sectors:

## Health Care Expenditure per Capita by Source of Funding, 2007\*



\* 2006  
 Source: OECD Health Data 2009 (June 2009). \*Adjusted for Differences in Cost of Living

# We get too little value -- in outcomes



# In access to health care:

## Mortality Amenable to Health Care

Deaths per 100,000 population\*



Source: 2008 Commonwealth Fund

\* Countries' age-standardized death rates before age 75; including ischemic heart disease, diabetes, stroke, and bacterial infections. See report Appendix B for list of all conditions considered amenable to health care in the analysis.

Data: E. Nolte and C. M. McKee, London School of Hygiene and Tropical Medicine analysis of World Health Organization mortality files (Nolte and McKee 2008).

# Compared to other countries:

## Overall Ranking of Health Care Systems



AUS



CAN



GER



NETH



NZ



UK



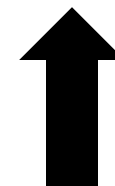
US

Country Rankings	
	1.00–2.33
	2.34–4.66
	4.67–7.00

OVERALL RANKING (2010)	AUS	CAN	GER	NETH	NZ	UK	US
	3	6	4	1	5	2	7
Quality Care	4	7	5	2	1	3	6
Effective Care	2	7	6	3	5	1	4
Safe Care	6	5	3	1	4	2	7
Coordinated Care	4	5	7	2	1	3	6
Patient-Centered Care	2	5	3	6	1	7	4
Access	6.5	5	3	1	4	2	6.5
Cost-Related Problem	6	3.5	3.5	2	5	1	7
Timeliness of Care	6	7	2	1	3	4	5
Efficiency	2	6	5	3	4	1	7
Equity	4	5	3	1	6	2	7
Long, Healthy, Productive Lives	1	2	3	4	5	6	7
Health Expenditures/Capita, 2007	\$3,357	\$3,895	\$3,588	\$3,837*	\$2,454	\$2,992	\$7,290

Note: \* Estimate. Expenditures shown in \$US PPP (purchasing power parity).

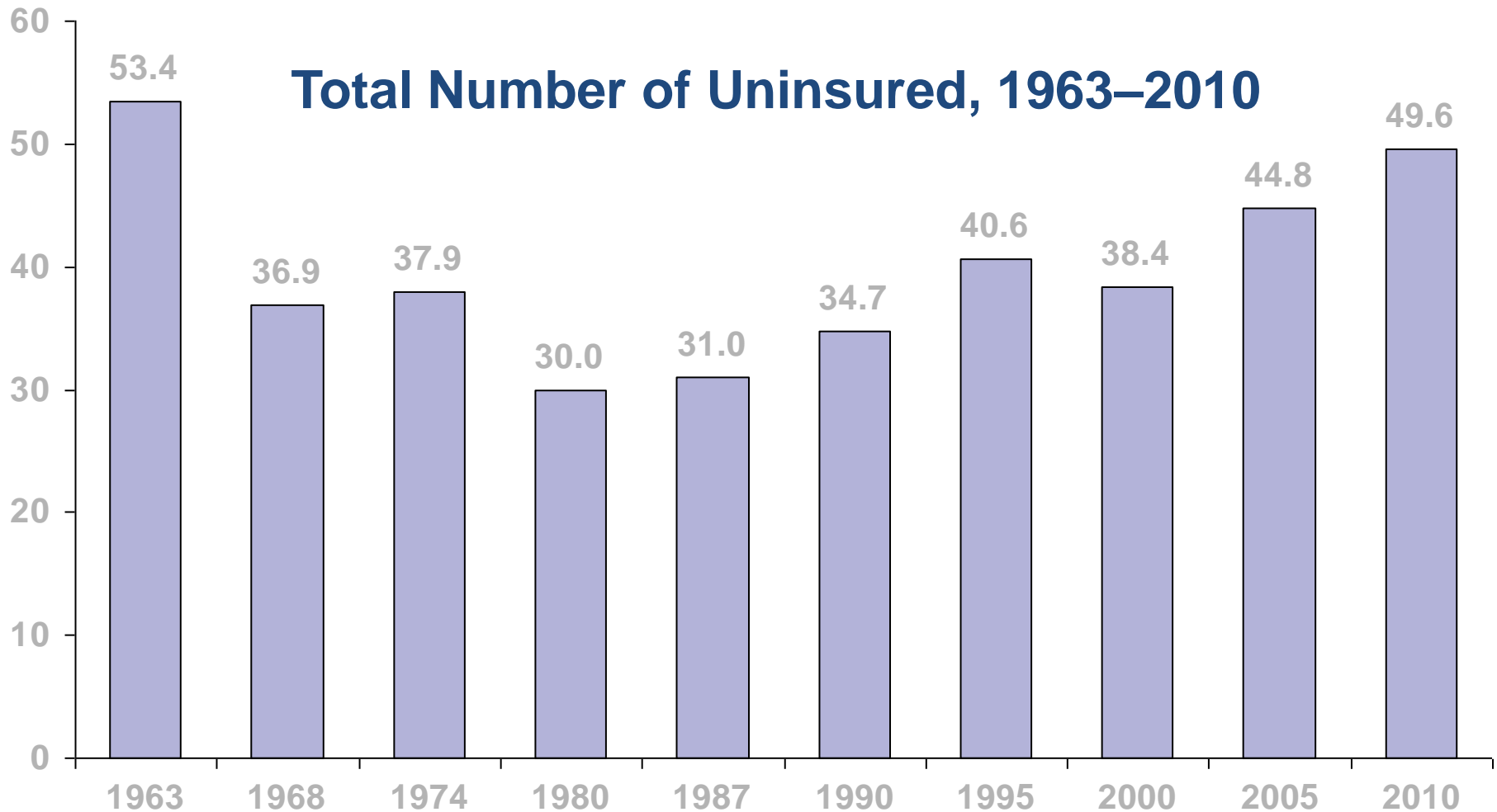
Source: Calculated by The Commonwealth Fund based on 2007 International Health Policy Survey; 2008 International Health Policy Survey of Sicker Adults; 2009 International Health Policy Survey of Primary Care Physicians; Commonwealth Fund Commission on a High Performance Health System National Scorecard; and Organization for Economic Cooperation and Development, *OECD Health Data, 2009* (Paris: OECD, Nov. 2009).



# We don't spend wisely

Millions uninsured

**Total Number of Uninsured, 1963–2010**



Note: Figures for 1963-1974 are U.S. residents without hospital insurance.

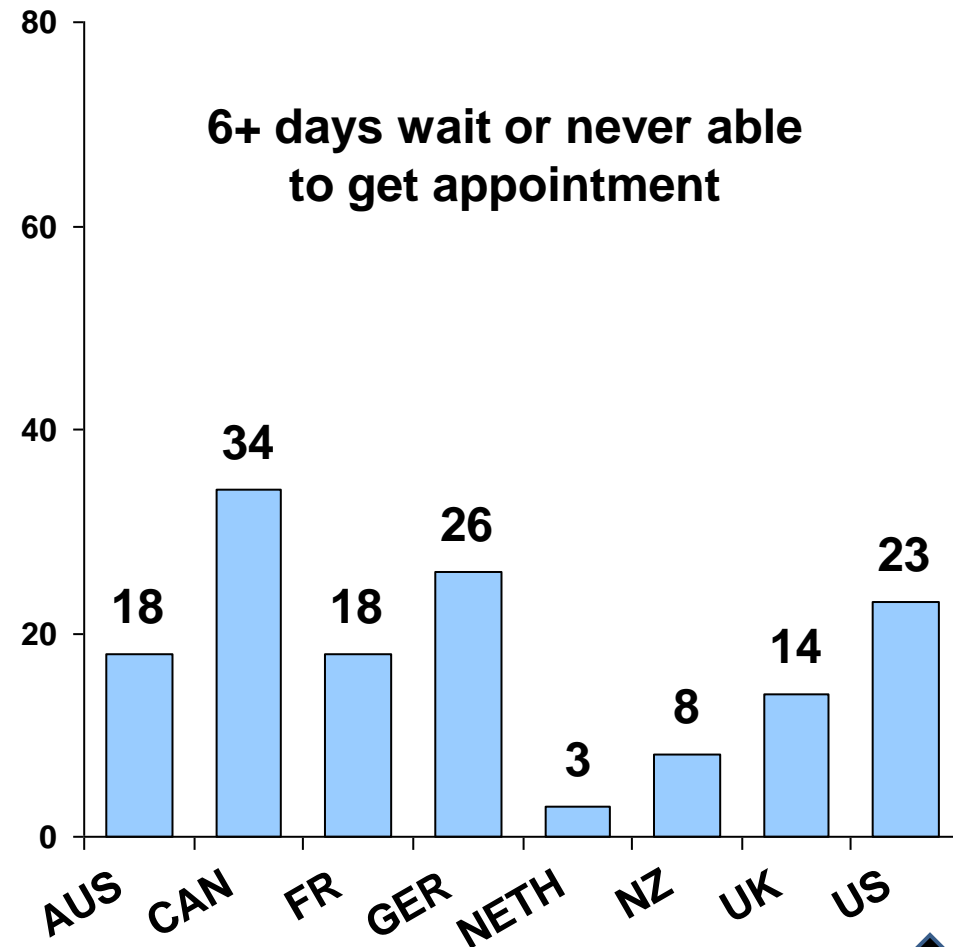
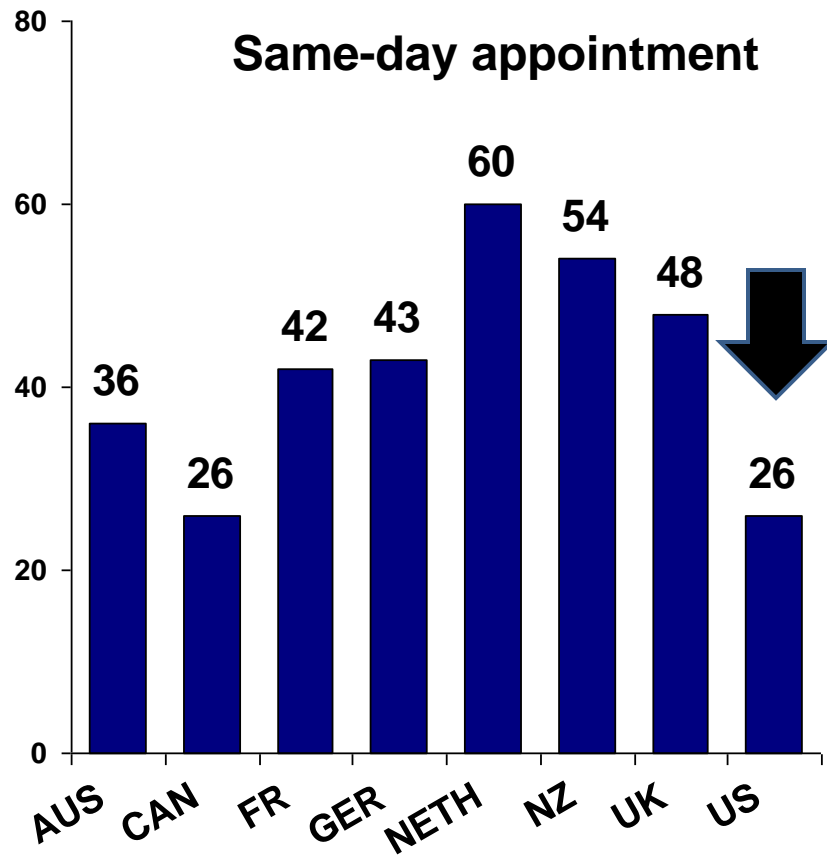
Data: National Health Interview Survey, Current Population Survey, The Lewin Group.

# Or Timely:

## Ability to See Doctor When Sick or Need Care

Base: Adults with any chronic condition

Percent



Data collection: Harris Interactive, Inc.

Source: 2008 Commonwealth Fund International Health Policy Survey of Sicker Adults.

# Room to Improve in Quality

## KANSAS

Rankings		
	2009 Scorecard	Revised 2007 Scorecard <sup>a</sup>
<i>OVERALL</i>	<b>23</b>	<b>18</b>
Access	25	15
Prevention & Treatment	17	15
Avoidable Hospital Use & Costs	23	27
Equity <sup>b</sup>	32	27
Healthy Lives	31	27

# Kansas is About Average

Number of Indicators for Which State Ranked in:				
	2009 Scorecard		Revised 2007 Scorecard <sup>a</sup>	
	Count	%	Count	%
<i>Total no. of indicators</i>	36	100%	37	100%
Top 5 States	1	3%	0	0%
Top Quartile	5	14%	9	24%
2nd Quartile	14	39%	11	30%
3rd Quartile	15	42%	16	43%
Bottom Quartile	2	6%	1	3%
Bottom 5 States	0	0%	0	0%

# Where Kansas Excels

- Top quartile
  - Percent of Long-Stay Nursing Home Residents Who Were Physically Restrained
    - **1.8% in Kansas – Rank 5**
  - Percent of Mental Health Care in the Past Year Children Who Received Needed
    - **72.3% in Kansas – Rank 8**
  - Percent of Medicare Patients Giving a Best Rating for Health Care Received in the Past Year
    - **65.3% in Kansas – Rank 8**

# Data Related to Immunizations

## *(America's Health Rankings 2010)*

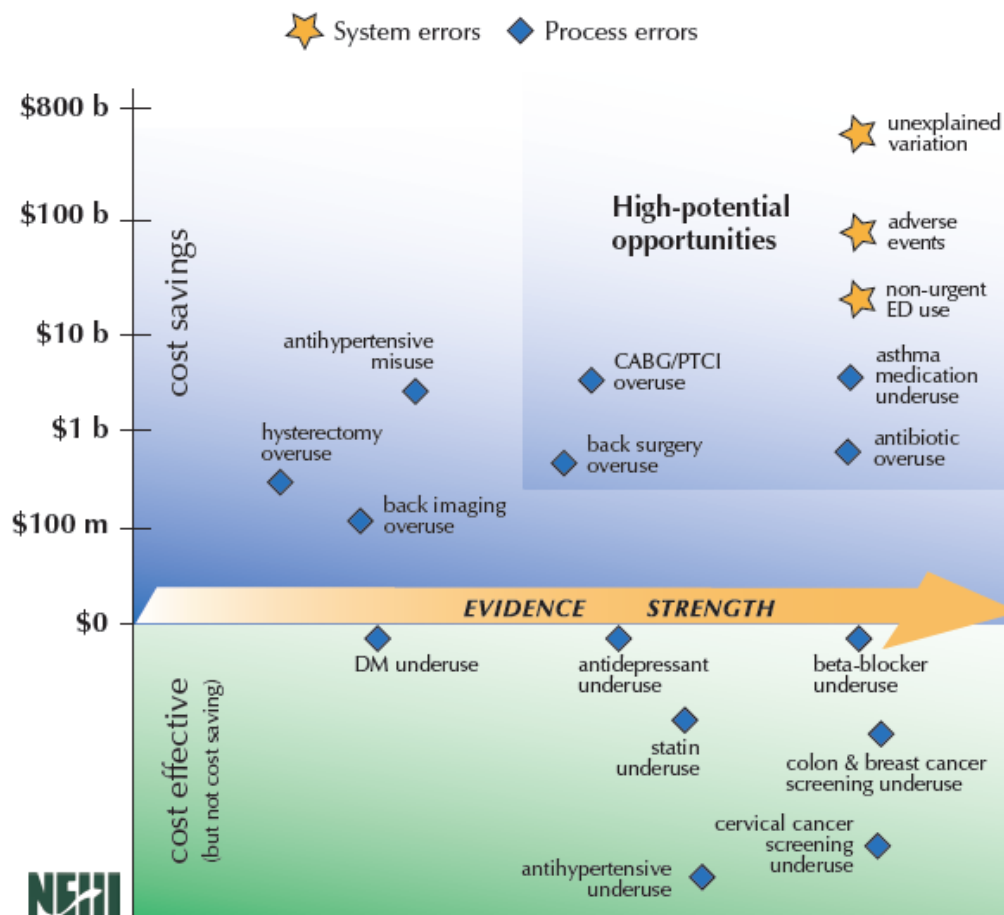
- Immunization Coverage (Percent of children ages 19 to 35 months)
  - Kansas ranks 19<sup>th</sup> at 91.3% (down from 16<sup>th</sup> last year)
- Infectious Disease (Cases per 100,000 population)
  - Kansas ranks 11<sup>th</sup> at 6.2 (down from 10<sup>th</sup> last year)
- Public Health Funding (Dollars per person)
  - Kansas ranks 44<sup>th</sup> at \$47 (up from 45 last year)
  - State with highest spend \$235 per person

# Where Kansas falls behind

- Bottom quartile
  - Percent of Heart Failure Patients Given Written Instructions at Discharge
    - 68.8% in Kansas – Rank 42
  - Percent of Hospitalized Patients Who Received Recommended Care for Heart Attack, Heart Failure, and Pneumonia
    - 90.1% in Kansas – Rank 42

## The Wasteland of Health Care

Nearly \$800 billion of the \$2.3 trillion spent on health care in the United States is wasted – meaning it could be eliminated without reducing the quality of care. NEHI has developed this map of waste in clinical care highlighting areas of potential cost savings.

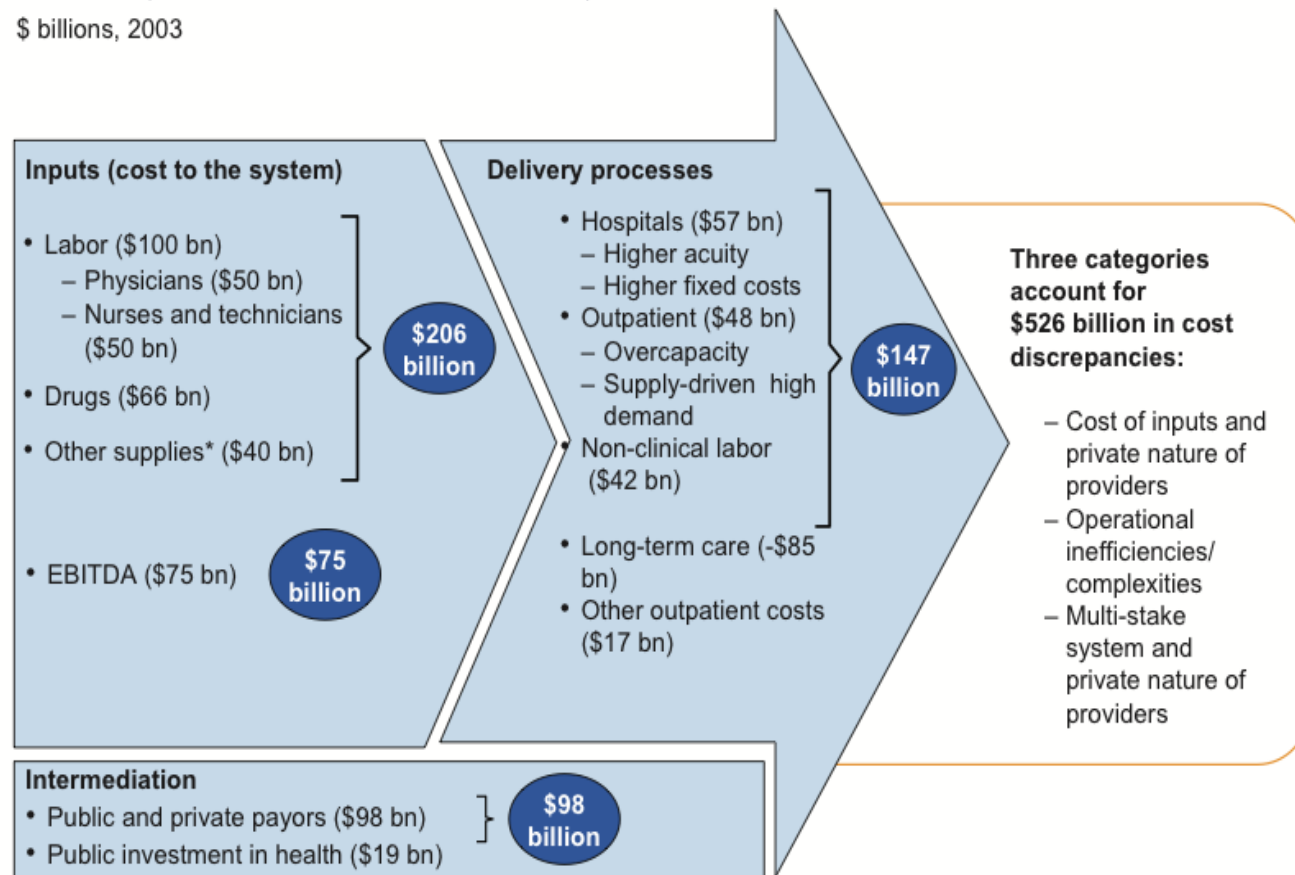


Source: New England Health Care Institute, Waste and Inefficiency in the U.S. Health Care System, Feb 2008

# Why U.S. Spending is Higher <sup>25</sup>

## ADDITIONAL SPENDING CAN BE ALLOCATED ACCORDING TO INPUTS, DELIVERY PROCESSES, AND INTERMEDIATION

\$ billions, 2003



\* Durable medical devices, hospital disposable supplies, blood products, hospital equipment, etc.

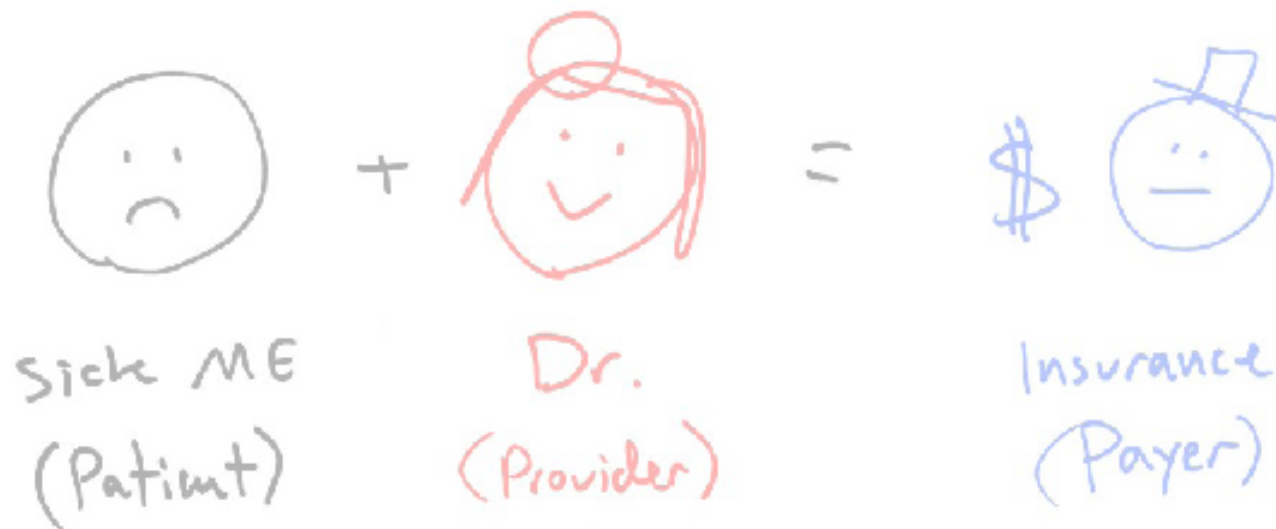
Source: MGI analysis

Source: McKinsey Global Institute, “Accounting for the Cost of Health Care in the United States”, January 2007

# We see health care as a business



Health care in America is a business governed by a simple equation:

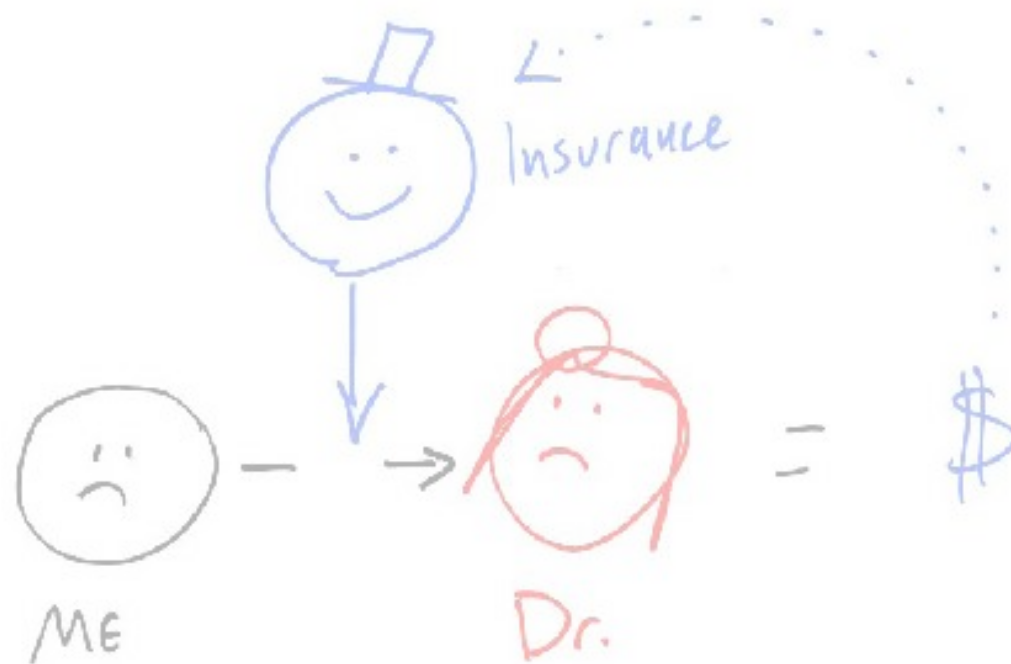


*I get sick.*

*My Doc fixes me.*

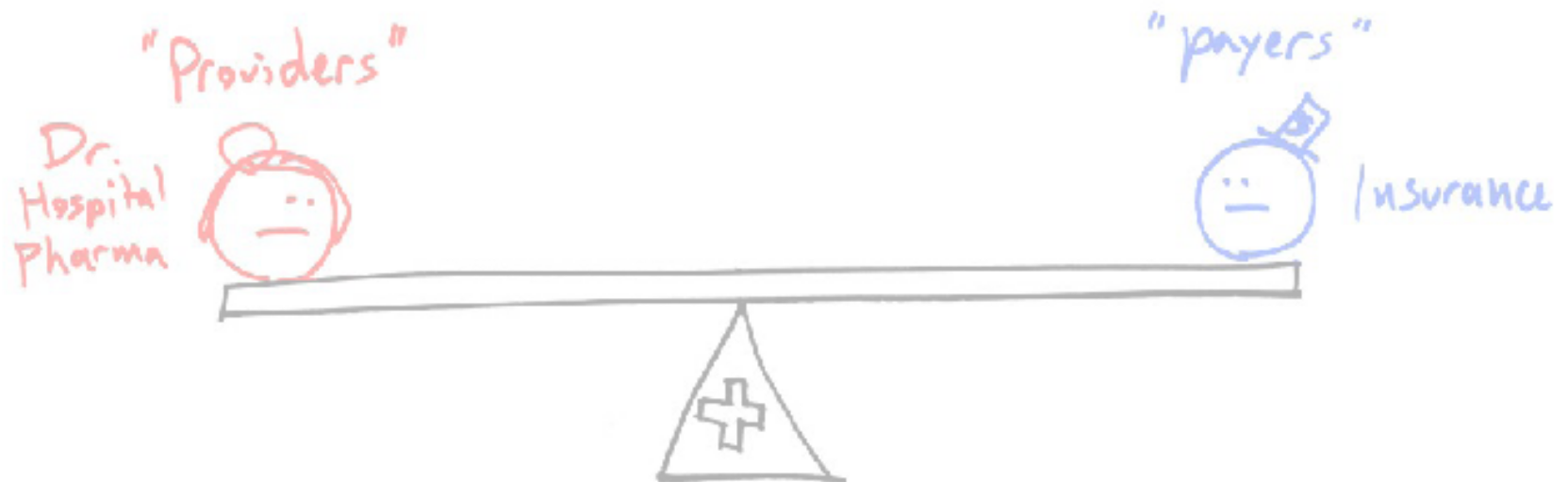
*My Doc gets paid.*

In the last several years there's been a shift in the equation:



*Insurance jumped in between me and my doctor.  
Insurance now rations my treatment and health costs.*

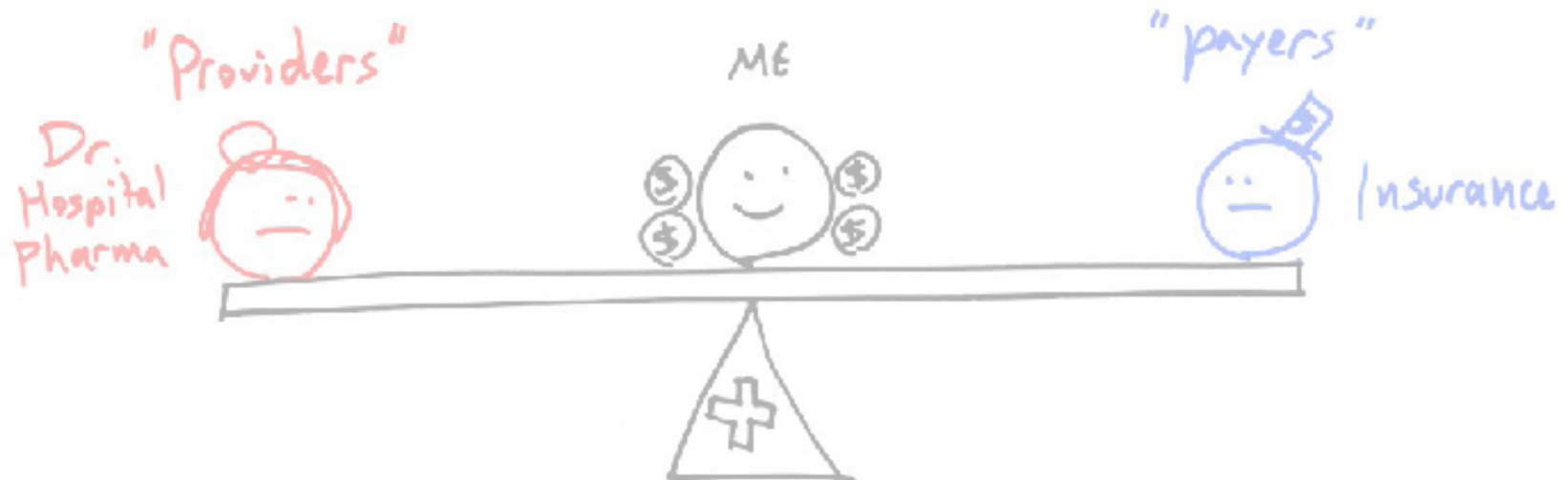
That happened because health care is really two different businesses:



*There's the business  
of providing health...*

*... and then there's  
the business of  
providing payment.*

I'm in the middle.



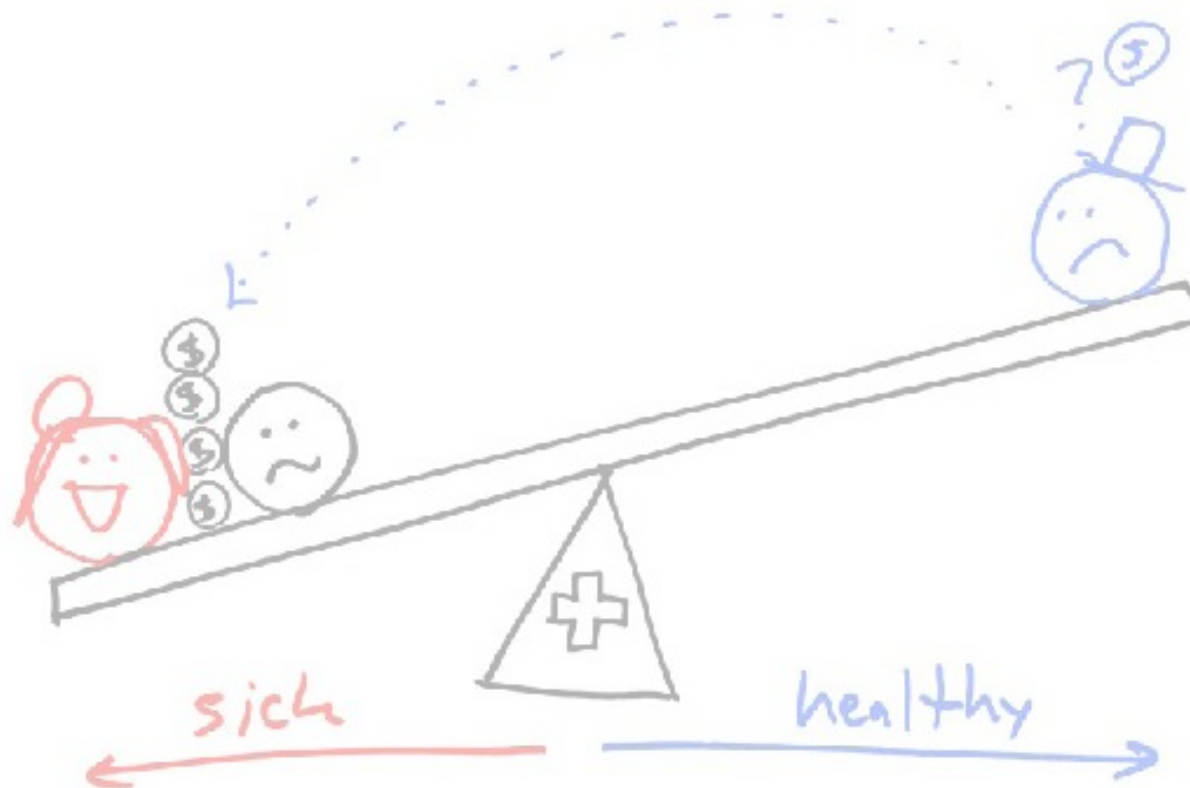
*Me, my health, and my money  
sit in between these two businesses.*

When I'm healthy, insurance loves me:



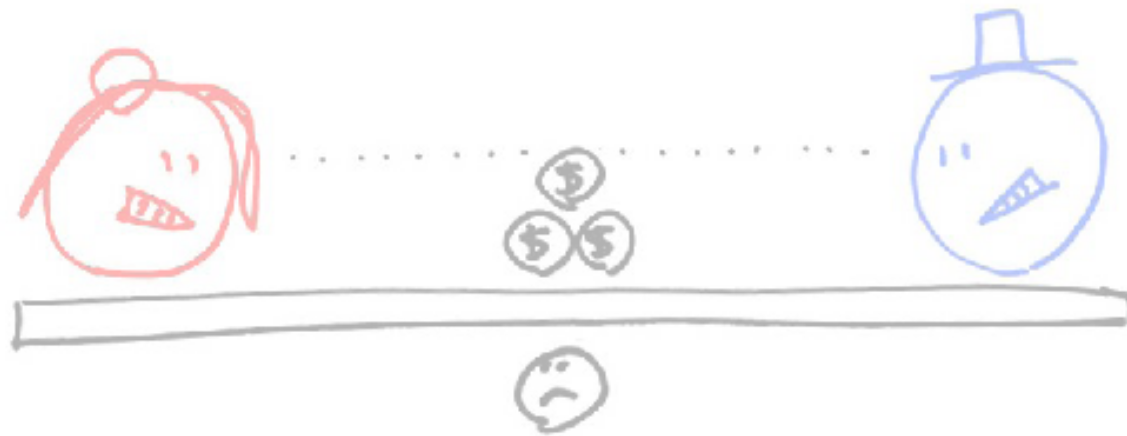
*I pay premiums that insurance collects, and they don't have to pay anything back.*

When I'm sick, providers love me:



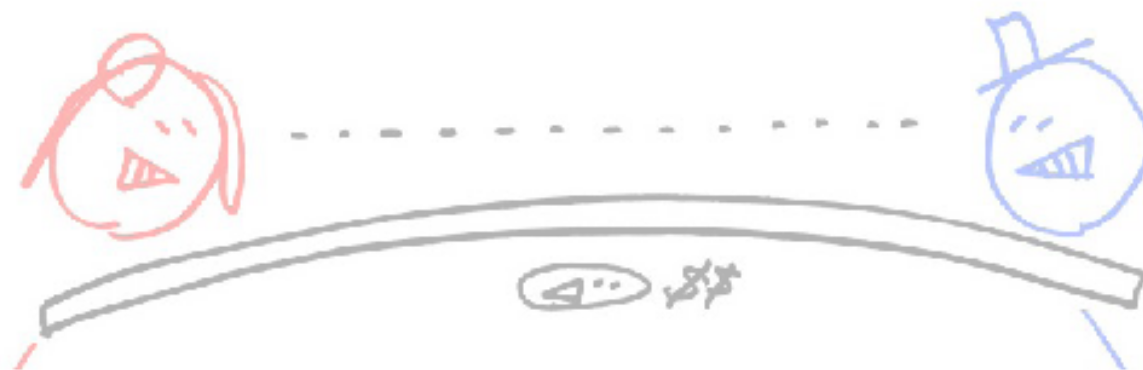
*Through my insurance, I pay Doctors, hospitals,  
and pharma for their products and services.*

These two businesses hate each other.



*(Ultimately, I'm the only source of money for both.)*

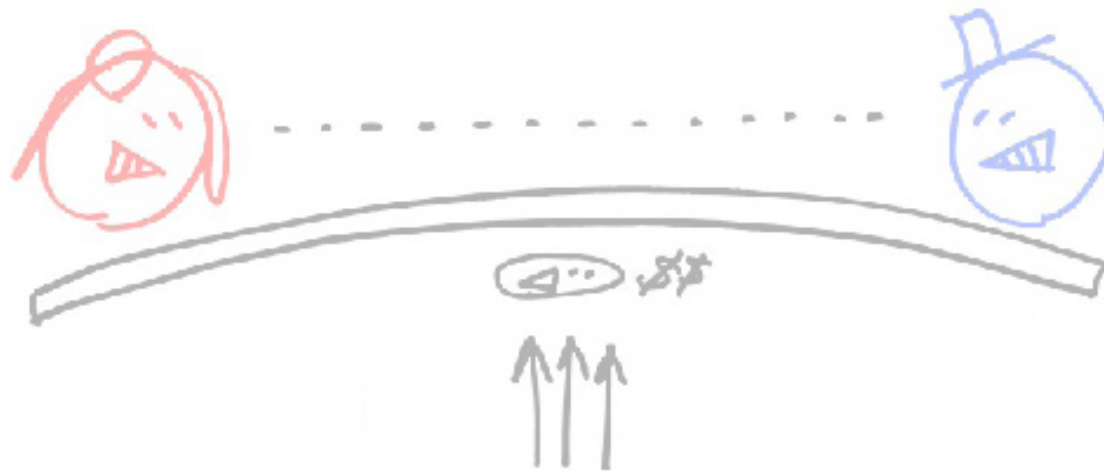
They have conflicting interests and fight over my money. (It's a zero-sum game.)



*Providers like to prescribe new and expensive treatments to keep money flowing in.*

*Insurers charge more (and allow less) to keep money flowing in.*

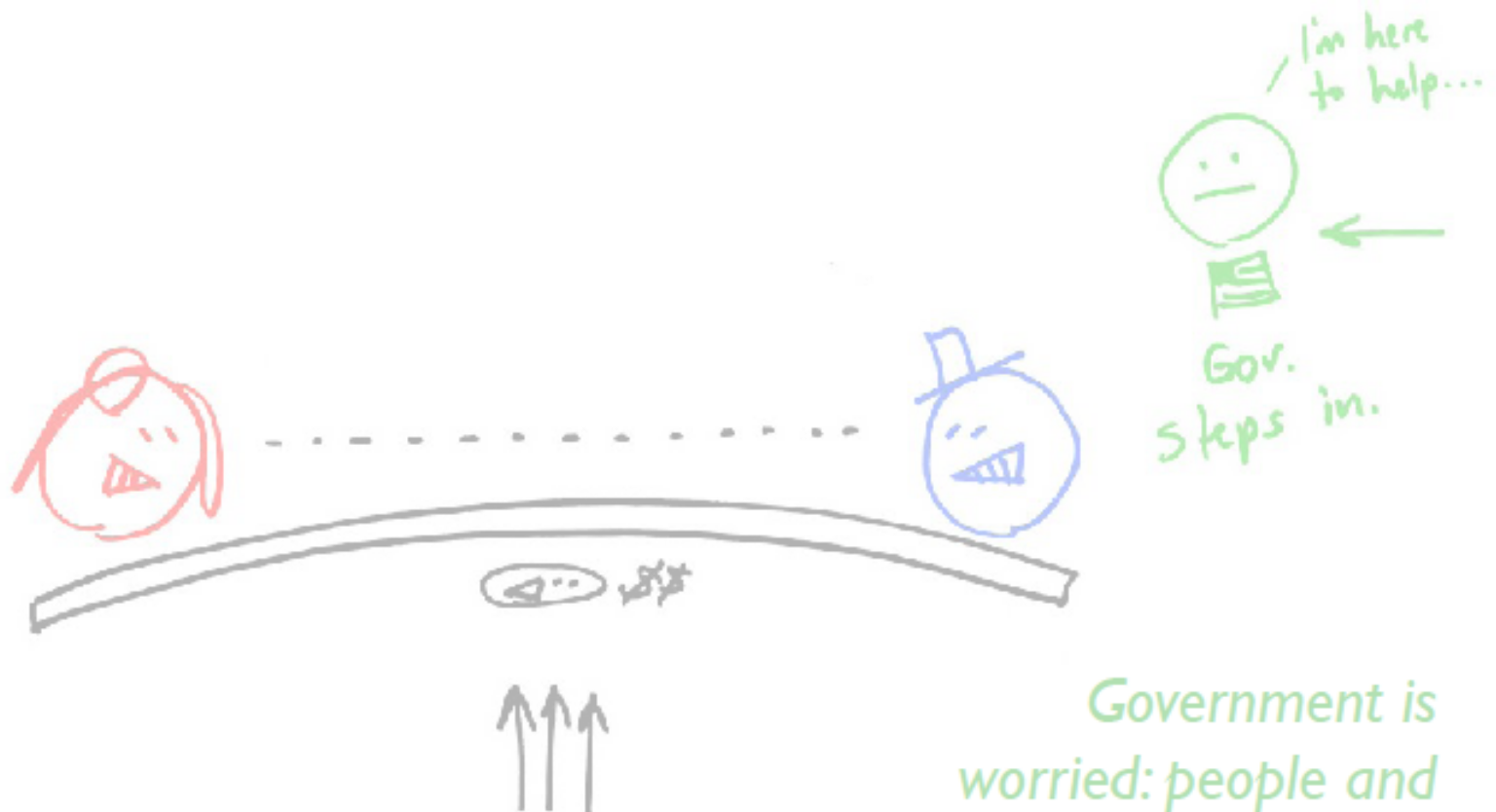
As the providers and insurers fight, my costs keep going up. (Bankrupting me and my employer.\*)



*I'm the only one adding money **INTO** the equation, so I get squeezed.*

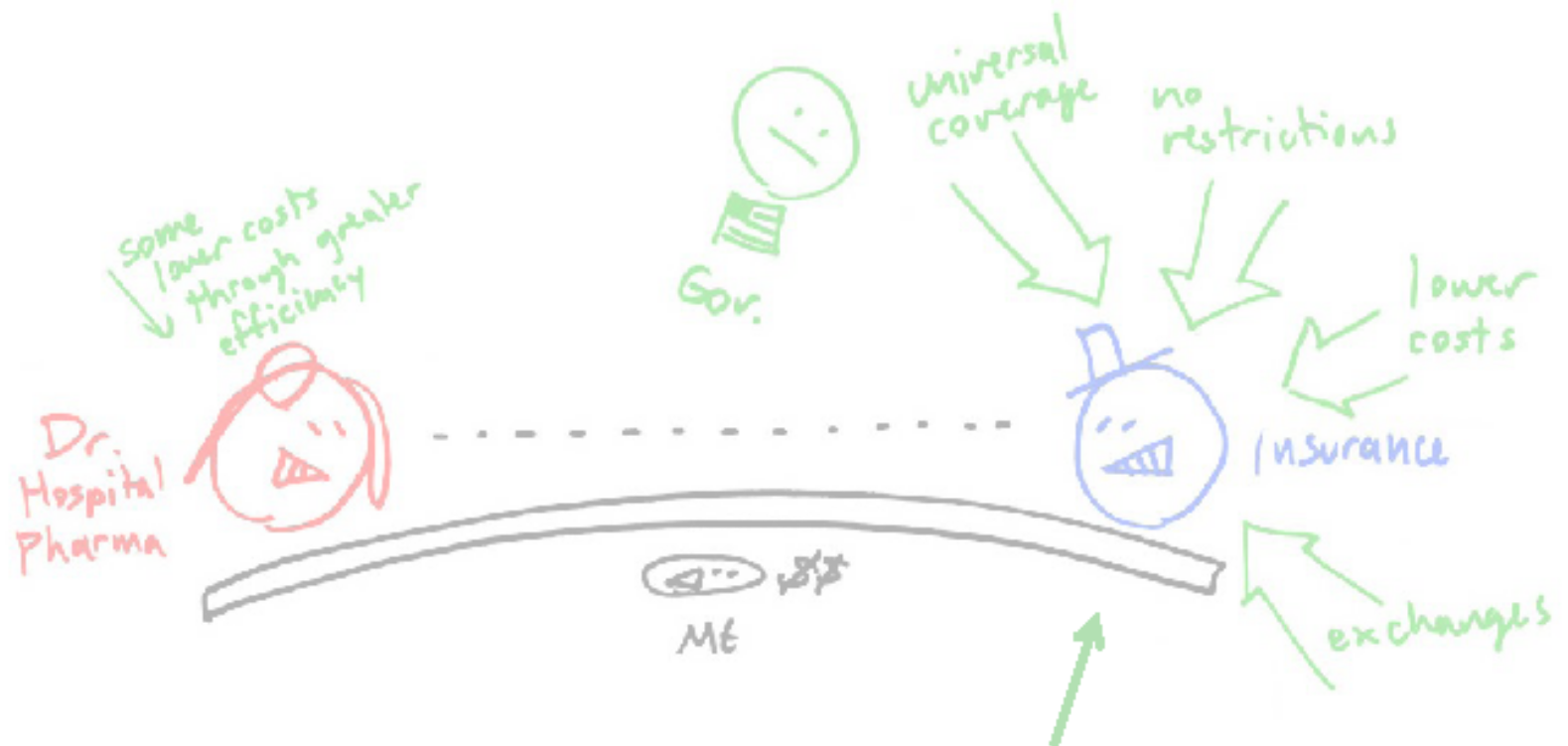
*\*more on this later.*

Now government steps into the picture:



*Government is  
worried: people and  
businesses are both  
too squeezed.*

Government thinks most of the changes are on the insurance side:



*Almost all legislation being debated impacts the insurance side of the equation.*

# We do NOT see health care as a SYSTEM

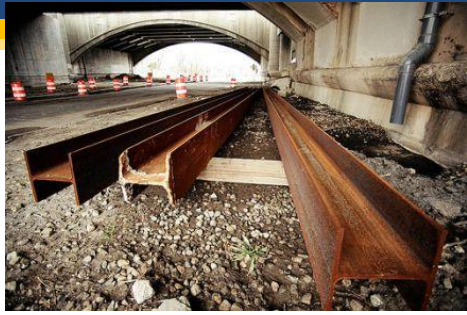


# What constitutes a system?

- **Interstate Highway SYSTEM: A Primer**



- Named after Dwight Eisenhower, who championed its formation in 1956
- Largest public works program in history
- Idea came from German autobahn
- Standards are a necessity!
  - Speed limits
  - Horizontal, vertical, and tunnel clearance
  - Bridge strength
- Kansas first state to start paving after bill signed



# So what are we missing?

- Logical connection between components
  - No central governing agency – but no “true” marketplace
  - Some reject health care as a public good but ERs treat all
  - Lack of interoperability in HIT, but standards lacking too
- Uniquely American innovation
  - Quick to call national efforts “socialistic”, instead of using the best ideas from other nations (even other states!)
- Responsible stewardship of resources
  - But don’t understand that the system’s underuse, misuse, and overuse cost us \$\$\$ and undermine health

# Federal health reform: Who?

A series of horizontal bars in yellow and orange colors, some solid and some with thin white outlines, extending across the width of the slide below the title.

# Players in US health care delivery

## • Education and Research

- Academic medical centers = schools of medicine, nursing, allied health, dentistry, etc

## • Suppliers

- Pharmaceutical, medical device, health information technology, biotech

## • Insurers

- Commercial insurance, managed care, BCBS, Self-insured

## • Payers

- Employers, insurers, US!

## • Government

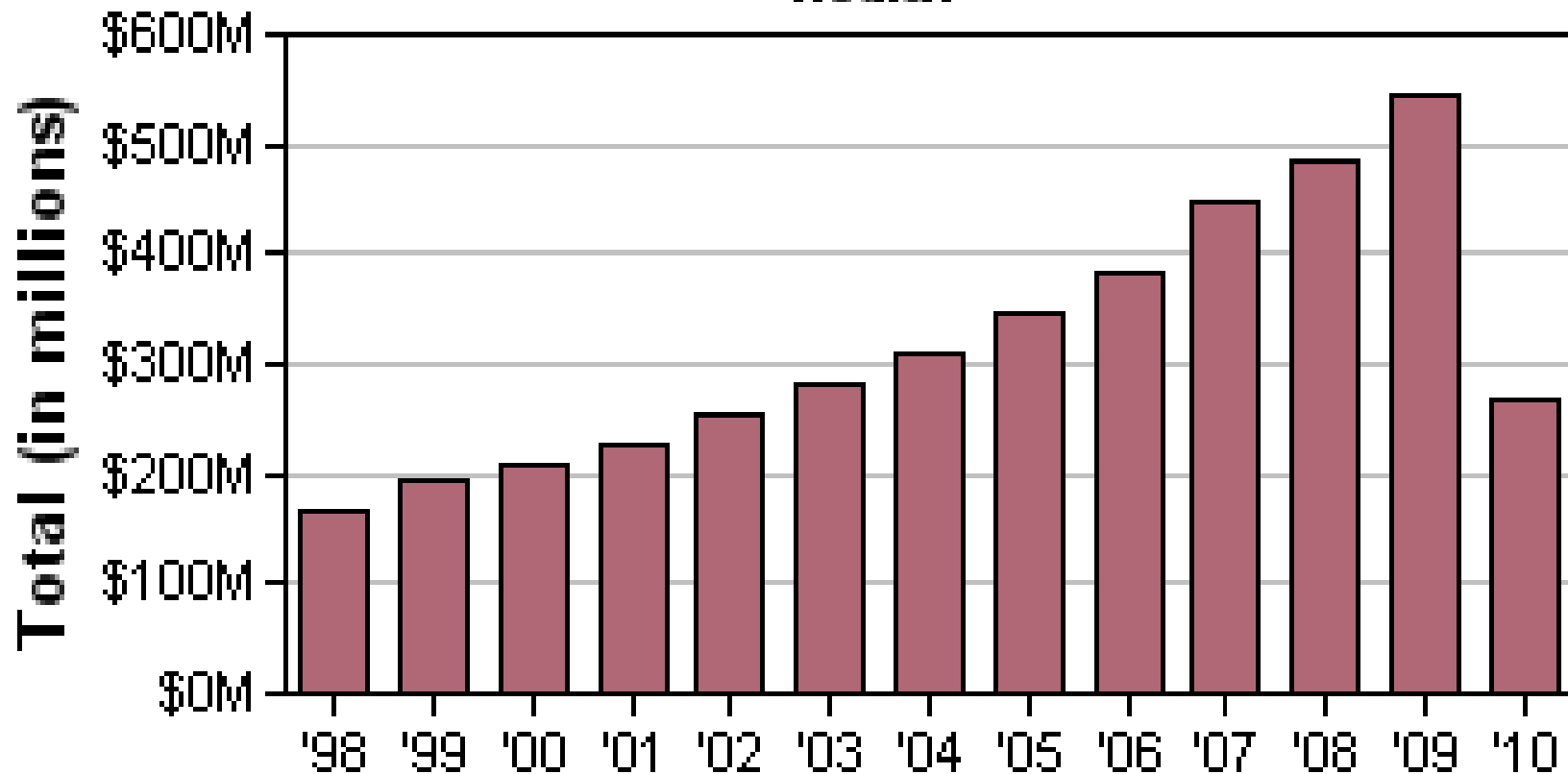
- Public insurance, research, health policy, public health, regulatory

## • Providers

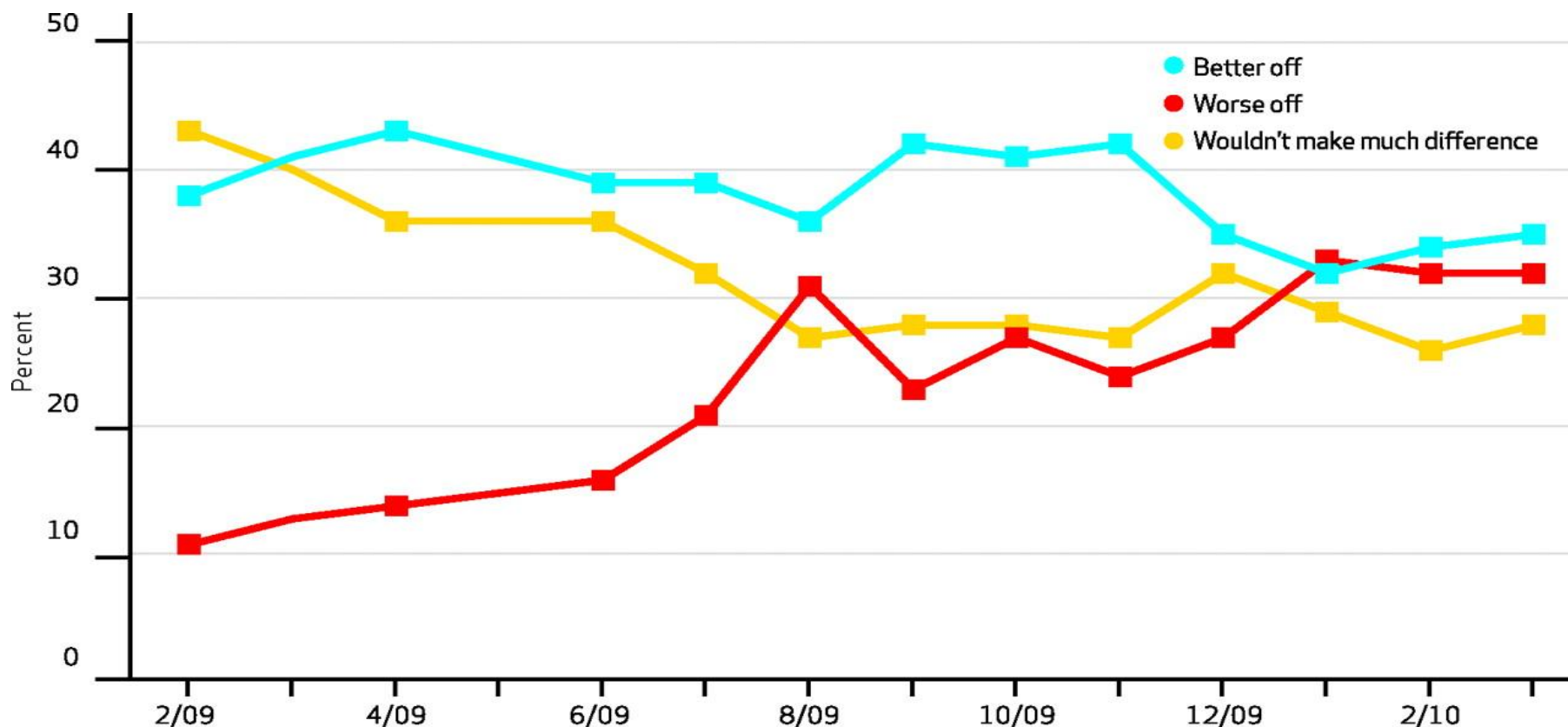
- Preventive care and primary care
  - Health depts, physician offices, community health centers, etc
- Sub-acute care
  - Ambulatory surgery centers
- Acute care
  - Hospitals
- Auxiliary services
  - Pharmacy, diagnostic clinics, medical equipment
- Rehabilitative services
  - Home health, physical therapy, skilled nursing
- Continuing care
  - Nursing home
- End of life care
- Integrated care

# Health Sector Contributions to Congress

## Annual Lobbying on Health



# Consumers: Public Perceptions of the Impact Of Health Reform On One's Own Family



Mollyann Brodie, Drew Altman, Claudia Deane, Sasha Buscho, and Elizabeth Hamel,  
Liking The Pieces, Not The Package: Contradictions In Public Opinion During Health Reform,  
Health Affairs, Vol 29, Issue 6, 1125-1130

HealthAffairs

# Medicare beneficiaries: Very confused

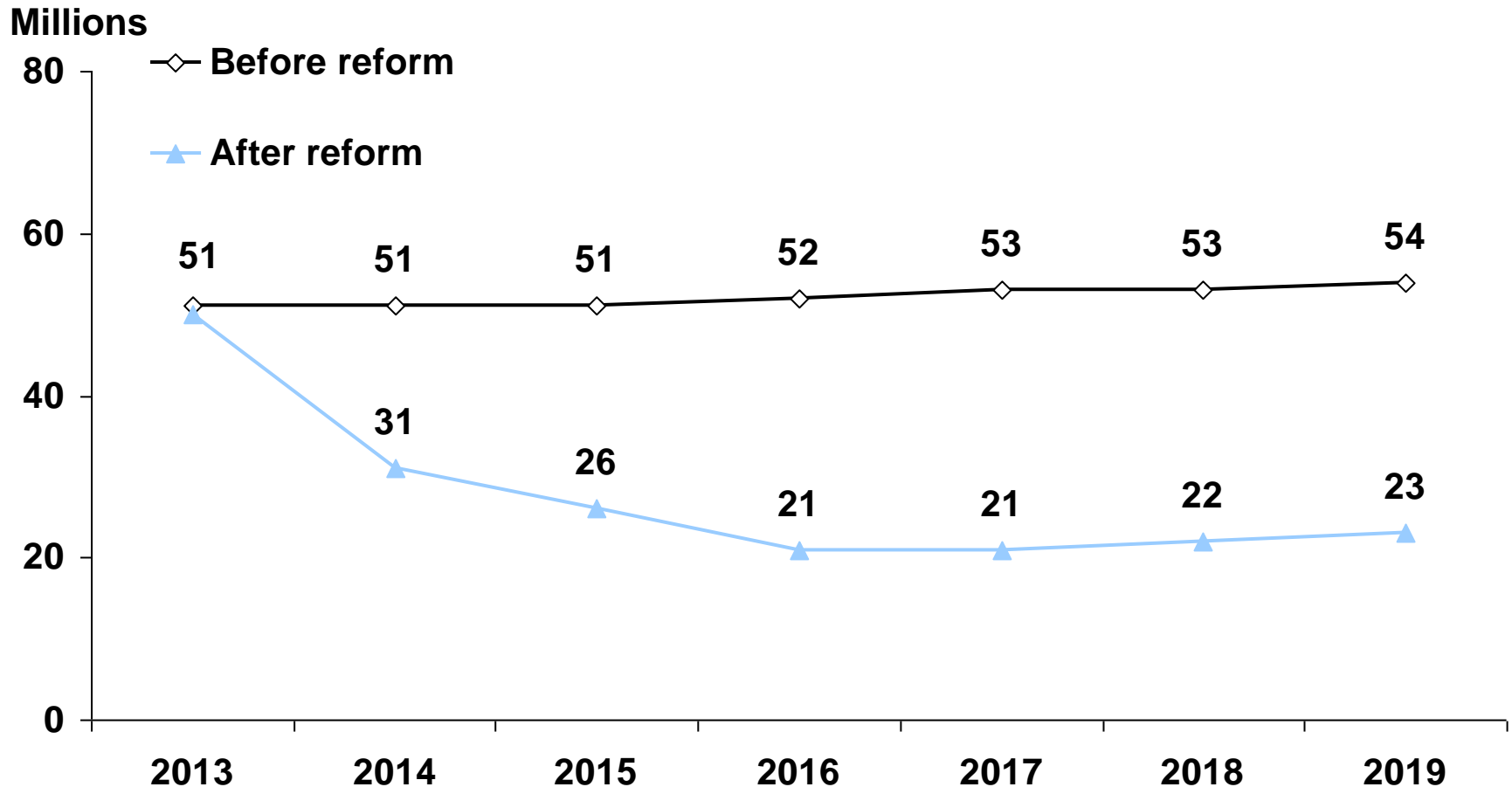
## New benefits in reform

- Improving drug coverage
  - This year, consumers in “doughnut hole” get \$250 rebate
  - Next year, cost of Rx in coverage gap will go down by 50% -- then to 25% in 2010
- Preventive care, such as cancer screening, will be free to consumers
- Cover personalized prevention plan services in Medicare

## Concerns about future cuts

- Medicare savings = \$500 B (\$136 B of that from Medicare Advantage plans)
- Hospitals agreed to give up at least \$155 billion in Medicare funding over next decade
- A new independent commission will have broad authority over Medicare spending, though doesn't kick in until 2018
- Medicare to pay less for hospitals with high re-admission rates

# Number of Uninsured Nonelderly, 2013-2019



Note: The uninsured includes unauthorized immigrants. With unauthorized immigrants excluded from the calculation, nearly 94% of legal nonelderly residents are projected to have insurance under the new law.  
Source: The Congressional Budget Office, Letter to the Honorable Nancy Pelosi, Mar. 20, 2010, <http://www.cbo.gov/doc.cfm?index=11379>.



**“One man's  
death is  
another man's  
living”.**

- Ira Gershwin

# Federal health reform: What?



# Two Major Goals of Federal Health Reform: Affordable Care Act

- Cover the uninsured and improve access to care
- Decrease overall costs of health care or “bend the cost curve”



# Summary of federal health insurance reform



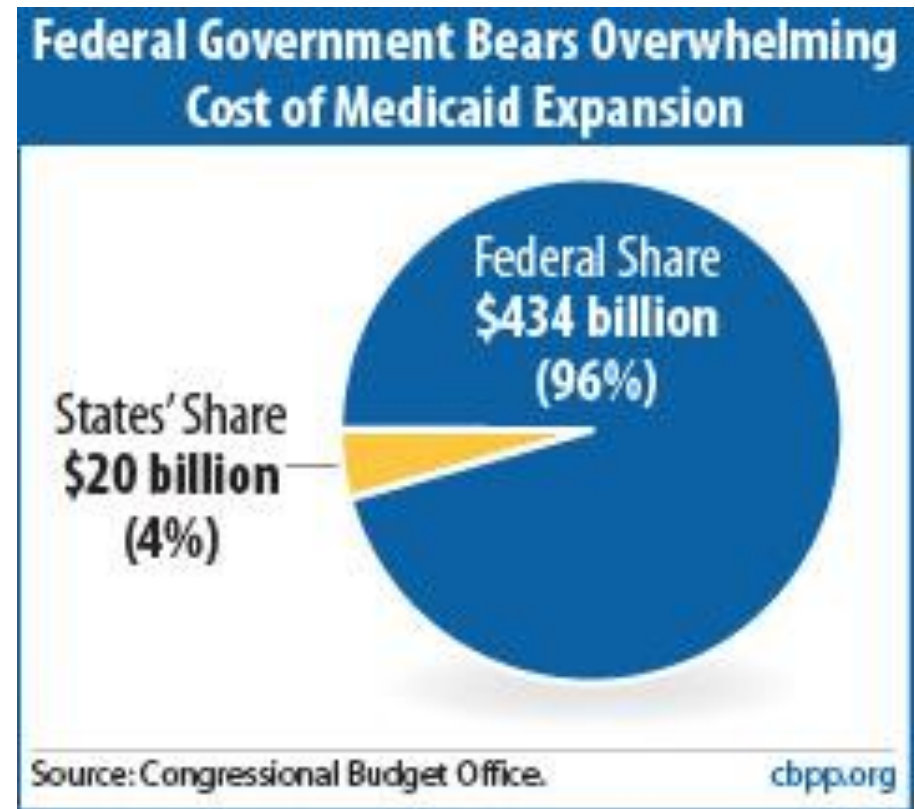
- Requires all citizens to have insurance
  - Expands Medicaid and provides subsidies to help people buy private insurance – kicks in 2014
- Creates new “insurance exchanges” where individuals and small businesses would go to buy insurance
  - Offered through states or regional exchanges -- 2014
- Bans insurers from discriminating against people with chronic conditions (pre-existing)
  - Started with children this year, expands to adults in 2014

# ACA: Reforms already implemented

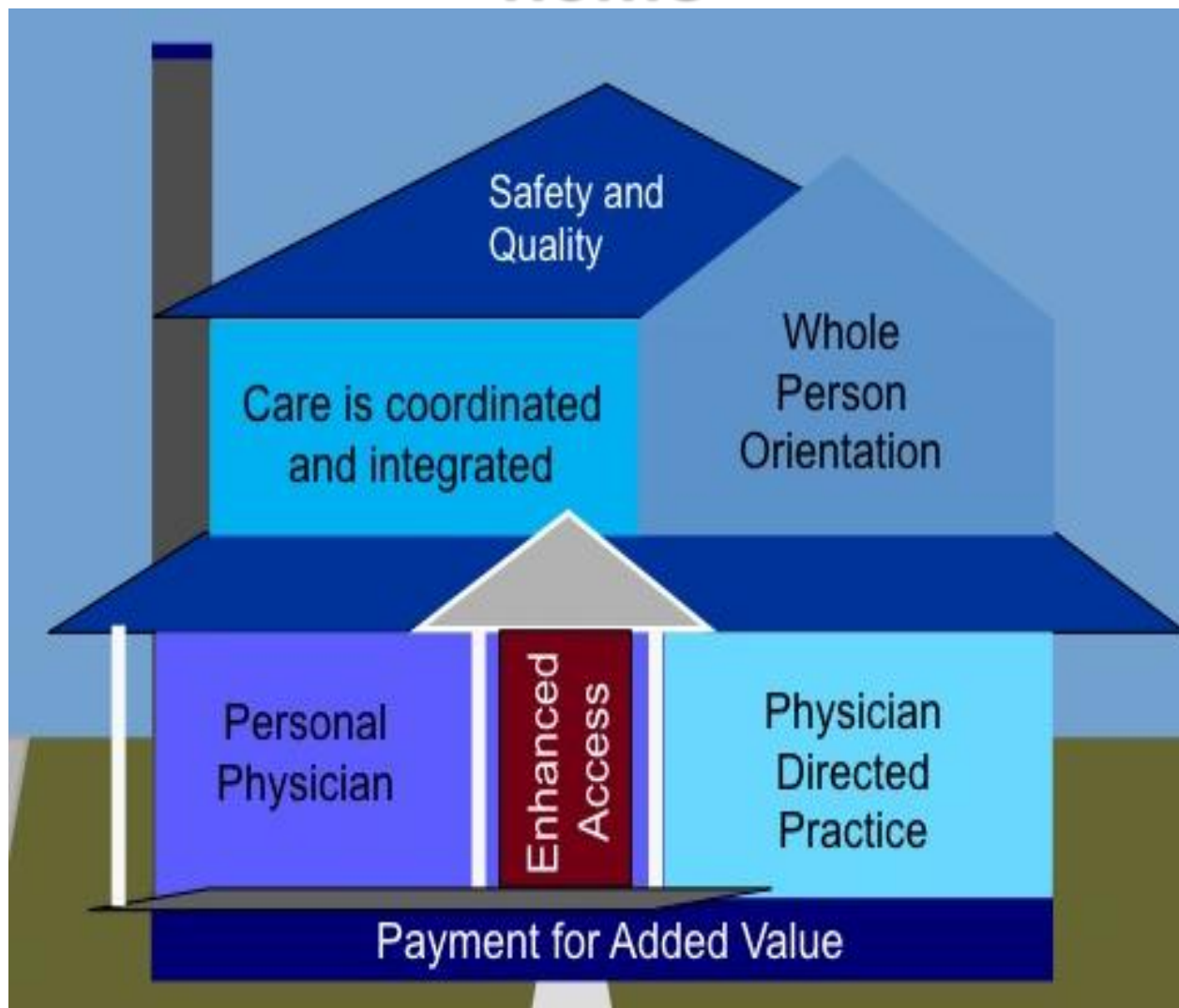
- New “high risk pool” to help chronically ill
- Tighter rules for health insurance industry
- More government oversight for insurance
- Discounts and free preventive services in Medicare
- Better coverage for kids
- Tax credits for small businesses

# ACA: Medicaid Expansion

- Federal government will pay *96 percent* of the cost of expanding Medicaid over the next ten years
- This represents a 1.25% increase in State Medicaid spending
- Medicaid enrollment expected to increase by 27.4%



# ACA: Pilots for a patient centered medical home



# ACA: How it is paid for?

- Over ten years, **costs \$938 billion**. Expected to reduce projected federal budget deficits by \$124 billion.
- Financing over 10 years from:
  - Medicare savings = \$500 B (\$136 B of that from Medicare Advantage plans)
  - Excise tax on high cost insurance = \$32 B
  - Increase Medicare taxes for those earning more than \$200,000 (\$250,000 per couple) and impose 3.8% tax on unearned income = \$210 B
  - Penalty for those who don't obtain insurance = \$17 B
  - New "fees" on health industry = \$107 B
  - Trim various health related tax breaks = \$29B
  - CLASS program reserves = \$70 B



# Federal health reform: When?

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# Federal health reform timeline

2010

- Early Retiree Reinsurance
- Coverage for Young Adults
- "Donut Hole" Rebates for Seniors
- Small business tax credits
- Federal funding for high risk pool insurance coverage
- Guaranteeing coverage for children with preexisting conditions
- New Insurance Coverage Rules

2011

- Additional "Donut Hole" relief
- Limitations on administrative fees in health insurance - no more than 15% of total costs
- Center for Medicare & Medicaid Innovation established

2013

- Medicaid Primary Care Rate Increase
- CLASS Act - Home and Community Based Long Term Care coverage
- Incentives for physicians to form "Accountable Care Organizations"
- Incentives for "bundled" payment - flat rate for an episode of care

2014

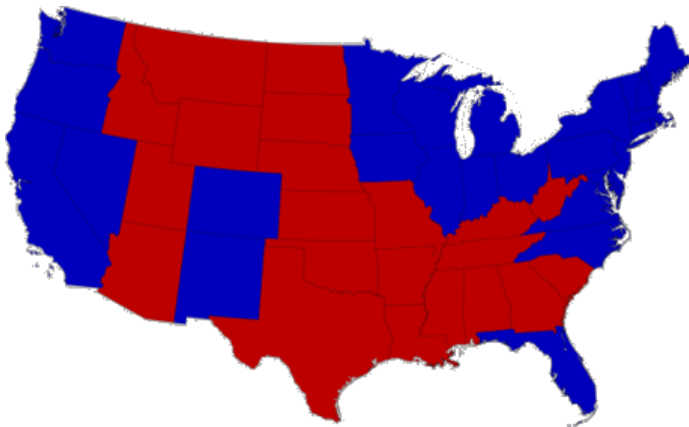
- Individual Mandate for purchase of health insurance
- Large employer mandate (50+ employees)
- Premium subsidies for low income mandated purchasers of insurance
- Insurance Exchange
- 100% federal funds for new Medicaid coverage
- No higher insurance rates due to gender or preexisting conditions

# Federal health reform: Where?

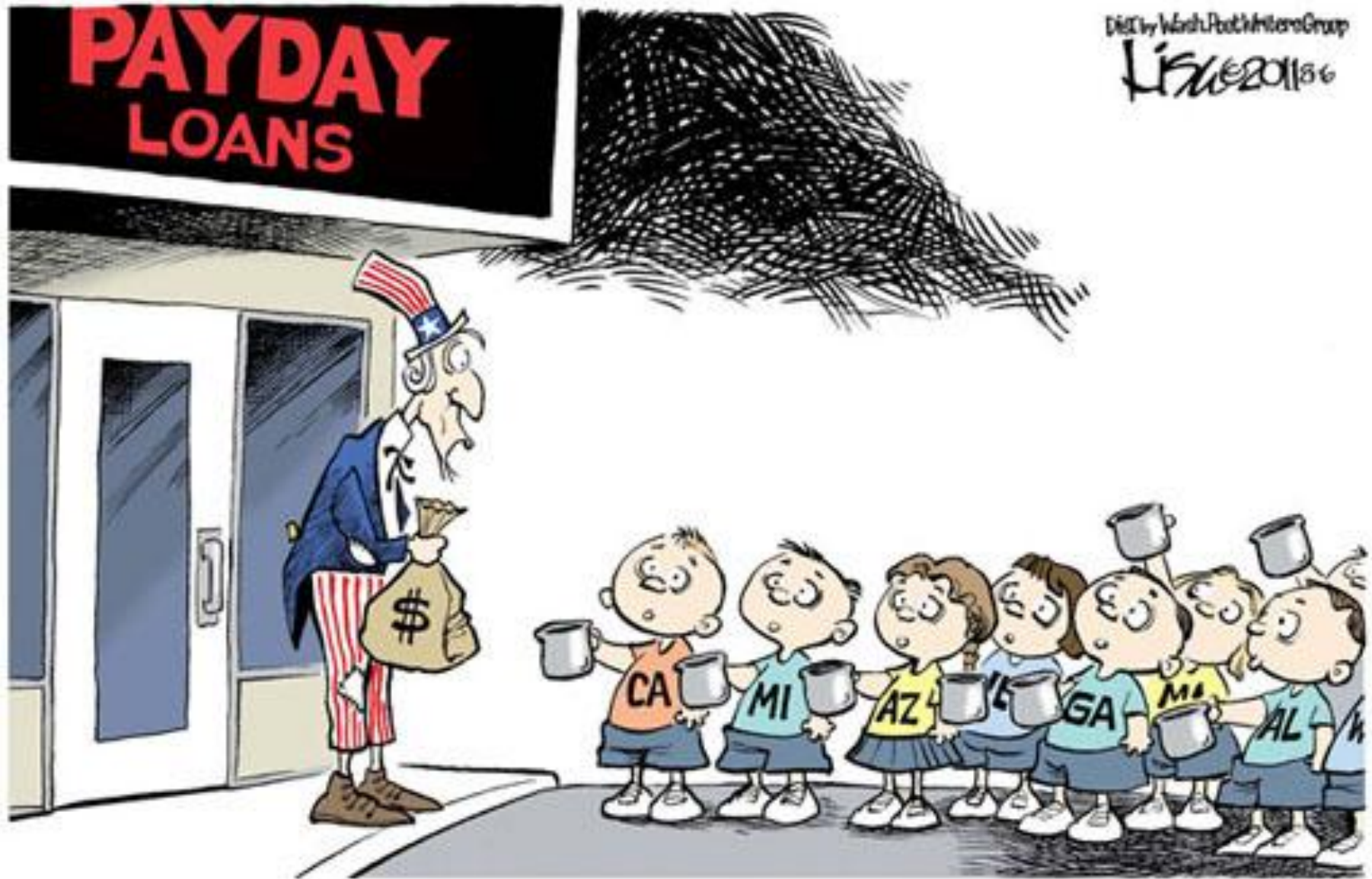
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## Challenges

- Majority of costs are borne by the federal government
- Reduction in the # of uninsured
- Allowed to design and oversee insurance Exchanges based on their own needs
- Assistance with high risk pools for uninsurable adults



- Enroll newly eligible beneficiaries in Medicaid despite significant budget cuts and limited administrative resources (2014)
- Coordinate Medicaid enrollment with Exchanges
- Implement other Medicaid specific changes
- Maintain current Medicaid and CHIP eligibility through 2019
- Implement new waste, fraud and abuse provisions
- Consider demonstration projects for tort reform



# Federal health reform: What got left out?

A decorative graphic consisting of several horizontal bars in yellow and orange, located below the title and extending across the width of the slide.

# Work left to do:

- **Health Professions Workforce:**
  - Concerns about adding to primary care physician shortage
  - No new residency slots; but does redistribute unused slots with priorities for primary care and general surgery to states with lowest resident physician-to-population ratios
- **Payment Reform:**
  - Leaves “Fee For Service” (FFS) structure in place; creates pilot projects and push for Accountable Care Organization (ACOs)
  - No significant medical liability changes; state pilots
  - Current Medicare physician payment formula (SGR) left in place (but reimbursement cuts on hold)

# How Do We “Cut Costs”?

Employer	Reduce benefits
Family	Add covered services
Pres. Obama	Subsidize premiums
Rep. Ryan	Limit contribution to coverage
Medicaid	Reduce provider payment rates
Doctor	Reduce overhead
Insurer	Remove high costs from pool
Hospital	Close the ER

Weil, A. Executive Director, NASHP (August, 2011). A Three Hour Tour of All Things Health Care. Kansas City Foundations Presentation.

# Meanwhile, People Who Actually See Patients

I want to improve patient and population health, reduce errors, reduce waste, and be accountable for outcomes, but I need...

Leave me alone!



Weil, A. Executive Director, NASHP (August, 2011). A Three Hour Tour of All Things Health Care. Kansas City Foundations Presentation.

# Provider concerns and needs...

- To not be paid less when I do the right thing
- Consistent signals across payers
- Not to worry about being sued if I do less
- To trust the quality metrics against which I am being judged
- Less paperwork
- And a little help with this “team” stuff would be nice

Weil, A. Executive Director, NASHP (August, 2011). A Three Hour Tour of All Things Health Care. Kansas City Foundations Presentation.

# Polymakers needs and concerns

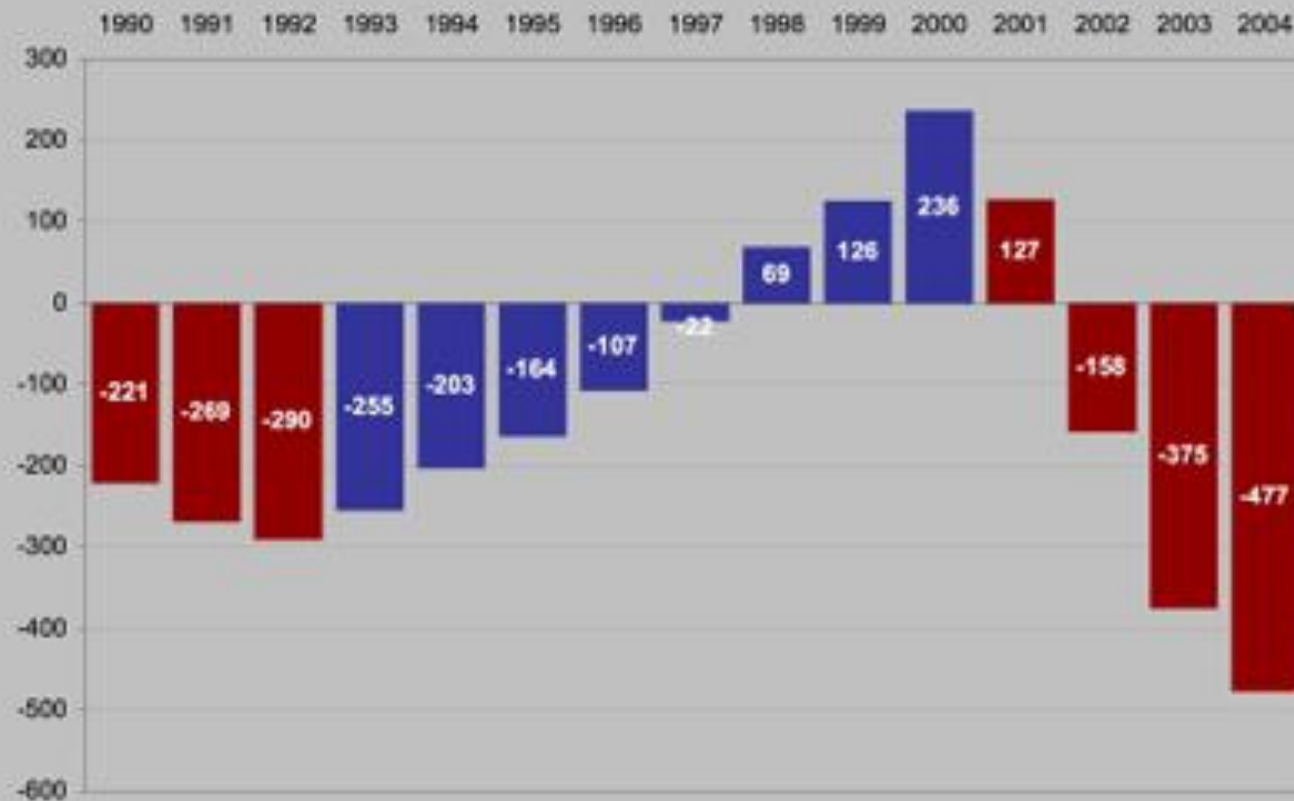


## The United States Federal Deficit in Billions

**Bush Sr.**

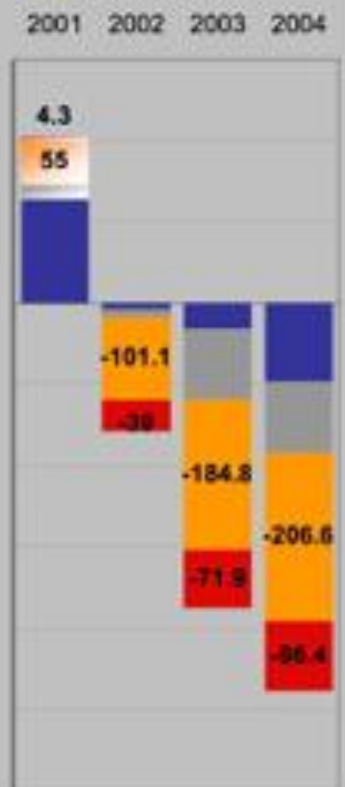
**Clinton**

**George W. Bush**



Where Bush spent the money

- Tax cuts for millionaires
- Tax cuts for bottom 99%
- Iraq and Afghanistan
- Other spending



# THE REAL ISSUE

Figure 1: Baseline Scenario

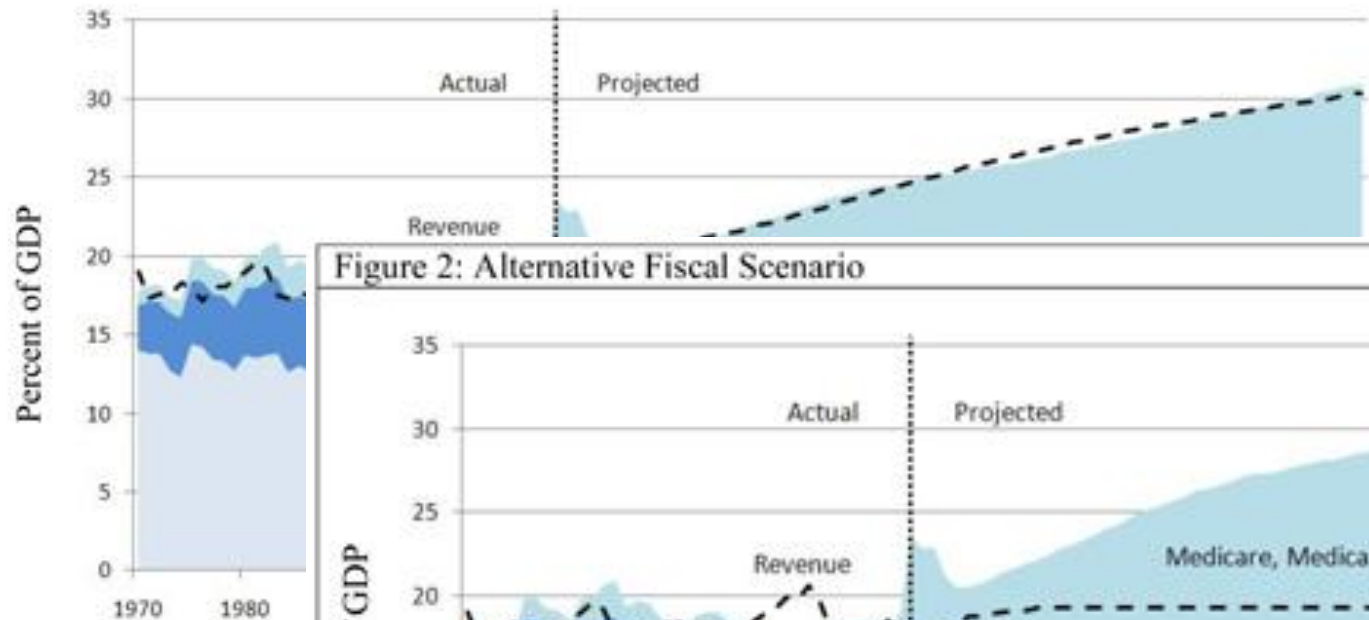
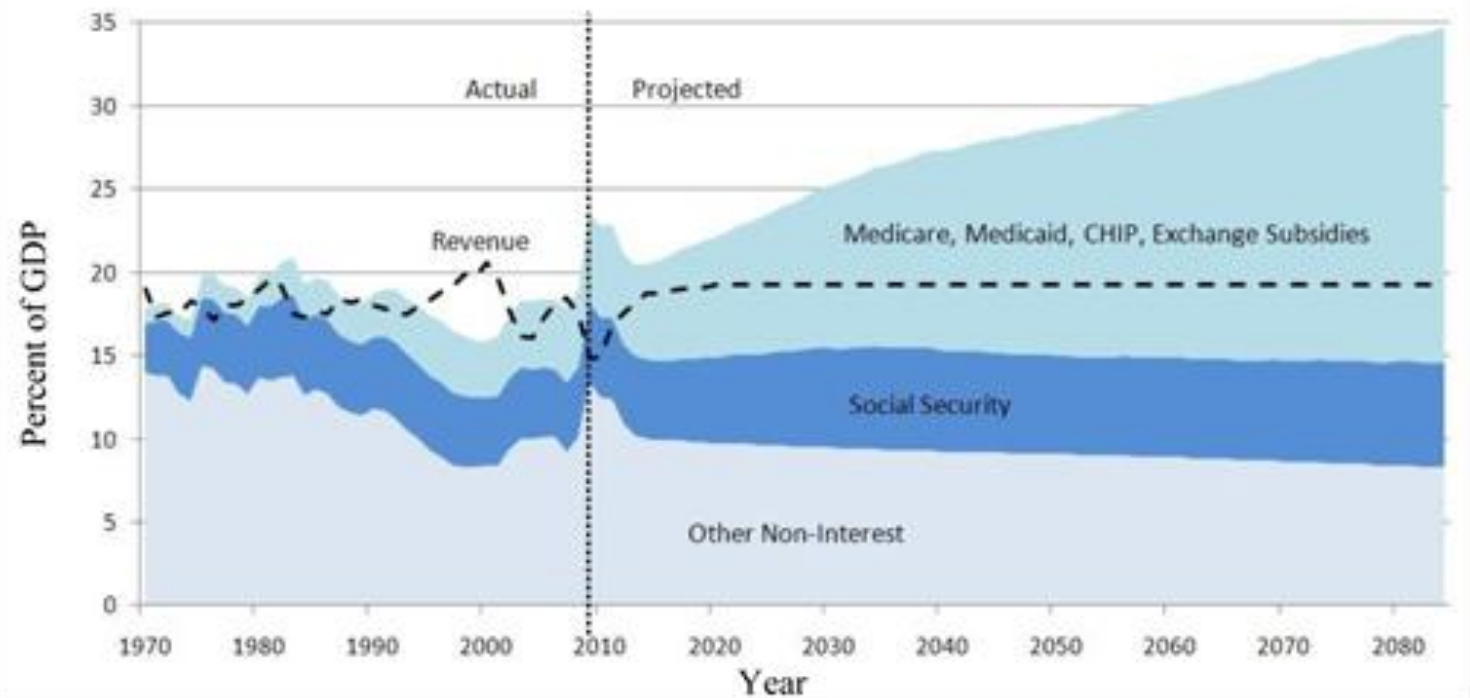


Figure 2: Alternative Fiscal Scenario



# Debt Ceiling Deal

- Spending cuts of \$917 billion over 10 years
  - None from Medicare or Medicaid
- 12-member House-Senate committee is charged with determining \$1.2–1.5 trillion in additional deficit reduction.
  - Everything on the table
- If Congress does not approve of this plan, across-the-board cuts are triggered
  - 2 percent reduction in Medicare payment rates